

## **BUDGET MESSAGE**

**July 1, 2007**

### **A Message from County Executive David R. Craig**

The cornerstone of my administration is set by combining Harford County's traditional conservative approach to budgeting and financial management with formalized strategic planning and open lines of communication. Being fiscally conservative, decisions made in developing the FY 2008 Operating and Capital Budgets were based on assuring a sound revenue structure, utilizing the most effective and economical means of conducting business, and promoting economic development to expand the County's tax base.

### **CONSERVATIVE FISCAL MANAGEMENT**

Upon taking office I charged our Treasurer and the Chief of Budget to meet with all County departments, outside agencies and the towns in order to compile a database, combining all of the operating and capital needs these groups projected for the next ten years. Each year's budget cycle will start with revising this database. The information will be shared with our Planning and Zoning Department for compliance with or amendments to our Master Plan. Existing services will be evaluated via performance measures to assure best practices. Federal, State, and local legislation will be monitored for its fiscal impact. We will consult with the County Council, the towns and outside agencies to share data and explore cooperative agreements. Research will be conducted to explore options for alternative means of doing business. Revenue streams will be analyzed and trends noted. Service charges will be evaluated and adjusted to fair levels and untapped funding sources will be explored. This process forms the basis each year for developing our Capital Improvement Program, our upcoming Capital Budget and any commitments for on-going operating expenditures. However, all appropriations must meet the test of being a real versus a perceived need, and are within our financing means. My administration is committed to the conservative policy of spending only what we can afford. We will only assume an on-going expense or incur debt when we are confident that sustainable resources will be available to maintain the service and/or retire that debt.

### **STRATEGIC PLANNING**

Harford County has practiced Performance Based Budgeting since FY 1997; in addition my administration has adopted a number of policies and procedures to assure that our budgets are coordinated with the County's Master Plan. We have formed an Infrastructure Review Committee, and while they are charged with developing an inventory of all County owned and leased facilities, compiling a systems analysis of each building, and producing a priority list for preventive maintenance, they are also to review each proposed capital project in light of our Master Plan, and make funding, timing and coordination recommendations for the entire capital program, with noted impacts on our operating budget. A Business Indicators Committee was formed and met for the first time in May 2007. This group includes members from various businesses and organizations, who will meet with County financial and administrative staff three times a year for a roundtable discussion on the business climate in the County. They will generate a report on the business state of affairs that affect the County's major revenue streams. This will be of major assistance in projecting revenues and will provide a venue for the administration to keep the business community apprised of County issues.

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### **OPEN LINES OF COMMUNICATION**

My administration has kept open lines of communication with numerous organizations, groups and individuals. We set regular meetings with representatives from our municipalities, our Federal and State delegations, the Superintendent of Public Schools, the President of Harford Community College, the Sheriff, the Director of the Libraries, our State's Attorney, community associations and civic organizations. These dialogues have provided us with information that is key to developing budgets and planning for the County's future.

### **BASE REALIGNMENT AND CLOSURE**

Shortly after I took office, Harford County was apprised of the extent to which the Department of Defense's Base Realignment and Closure (BRAC) actions would impact us. Though final numbers are still undetermined, we are planning on a net gain of 8,200 jobs on post at Aberdeen Proving Ground (APG). Sound strategic planning for the impact of BRAC is of paramount importance with the County's current population of approximately 238,000, and the projected population increase reaching as high as 55,000 over the next ten years.

By Executive Order, I appointed the BRAC Planning and Advisory Commission (BPAC) to identify the opportunities and challenges resulting from BRAC and its increased activities on and off APG, to define the infrastructure needs required to support these activities, and to evaluate the ability of the County to meet these challenges and fulfill the needs. The Commission involves representatives of the Community, the County Council, our State delegation, the County Board of Education, our schools, the Community College, the Libraries, the Sheriff's Office, our Volunteer Fire Companies, the Army Alliance, the Chamber of Commerce, the Economic Development Advisory Board, and the Upper Chesapeake Health System. Four sub-committees have been established to analyze the issues of Public Health, Safety and Community Services; Transportation, Utilities and Other Infrastructure; Education and Workforce Development, and Land Use. On August 22, 2006 the committee presented their initial findings and recommendations. In January 2007 they further refined their recommendations into an action plan incorporating funding sources, areas of responsibility, a time line, priority and status. These recommendations and plans have played a significant part in developing our FY 2008 budgets. This is a process that will evolve over the next ten years, while we will be simultaneously dealing with changes to the national economy, legislated mandates, and the needs of our citizens. It will be challenging and will have significant impact on our strategic planning.

The Fiscal Year 2008 Operating and Capital Budgets go beyond just planning for BRAC. Foremost in our budget process was consideration of those issues pertinent to our present citizens, enhancing our educational system, maintaining public safety, protecting our environment and preserving our quality of life.

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### **ECONOMIC TRENDS & REVENUE ESTIMATES**

We are, of course, constantly monitoring the national economy, stock market activities, unemployment statistics, financing rates, spending patterns, population, migration and numerous other factors that impact our economy. Harford County is financially sound but we must remain vigilant of forces beyond our control. While our overall revenue picture is bright, the State of Maryland's finances and their impact on local subdivisions remain a constant concern.

### **THE STATE OF MARYLAND**

As soon as Governor Ehrlich took office and had to submit his Fiscal 2004 budget to the State Legislature, it became clear to him and his advisors that State finances were in much worse shape than anyone had anticipated. The State's expense commitments greatly exceeded available revenues. The Federal "No Child Left Behind Act" which requires student achievement standards be met by 2008, led the State General Assembly to pass a companion piece known as the "Bridge to Excellence in Public Schools Act of 2002". This act is based on a framework established by the Commission on Education Finance, Equity, and Excellence which restructures Maryland's public primary and secondary education financing system and phases in enhanced State aid for education over a period of six fiscal years beginning in Fiscal Year 2002. By Fiscal Year 2008, the State will provide an additional \$1.3 billion in education funding to local school systems above what the State would have provided under the prior State Aid funding structure. Since the Governor vowed not to raise taxes, after making spending cuts to State departments and agencies, his only remaining area to make up the needed funds was to reduce State Aid to local governments.

An example of such action was used by the State to balance their Fiscal Year 2004 budget, in action by the State legislature one-half of the estimated \$162 million unclaimed local income tax revenue for the tax years 2001, 2002, and 2003 was used by the State of Maryland in Fiscal Year 2004 to balance their budget and the remaining \$81 million was distributed early to the local governments on a pro-rata basis, using tax year 2002 income tax receipts to determine the distribution. Local governments continue to receive a distribution in June of unclaimed local income tax revenue but rather than this distribution being based on the third prior tax year, it is based on a projection using the most recent tax year. The distributions to the local jurisdictions are relatively up-to-date and the State will no longer hold three years of local income tax revenue.

Another example of State impact on local government spending can be demonstrated through a discussion of public school construction. The State agencies responsible for approving school construction projects in Fiscal Year 2004 informed all county governments that there was a three year backlog of projects in the State pipeline, and that funding levels for Fiscal Year 2004 and the foreseeable future were restricted. All counties were asked to reexamine the need for and scope of already approved projects and those they were about to propose; to seek alternative funding methods; and to consider "forward funding" projects, with the hope of being reimbursed by the State in the future, but with no firm commitment from the State on that matter.

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For this reason, the County proceeded with the construction of the Patterson Mill Middle / High School project on a forward funding basis. The County forward funded \$14,788,000 in recordation and transfer tax to the Patterson Mill Middle / High School capital project. This year the County has started to forward fund the reconstruction of Bel Air High School with a plan to issue General Obligation Bonds.

### **HARFORD COUNTY**

Harford County's sound financial position is best illustrated by receiving four bond rating increases and the reaffirmation by all three rating agencies with the most recent General Obligation Bond sale in May 2005. Fitch in their review of the County has stated that the latest increase was based on the County's "consistent record of strong financial management practices, steady economic growth and diversification, and a low tax-supported debt burden...The residential unemployment rate was a low 3.8% in November 2003, reflecting both the relative strength of the regional market and organic job growth within the County...Financial operations are characterized by maintenance of sound reserves, a conservative approach to budget development...multiyear planning, reserve retention, and use of surplus funds for capital and other one-time spending..."

The last General Obligation Bond sale for additional debt was May 2005 with a total issuance of \$42.4 million (\$35.9 million in general purpose bonds and \$6.5 million in water and sewer bonds). The County received and maintained its ratings of: Fitch Ratings AA+, Standard & Poor's AA+, and Moody's Investor Services Aa1.

### **REVENUES**

Though a number of our revenue streams have been affected over the past few fiscal years by various outside forces like a national economic slowdown, declining stock markets, low interest rates, and increased unemployment, through prudent fiscal management, Harford County has remained fiscally sound. Beginning in Fiscal Year 2005, there has been a reversal of several economic trends, leaving the County with a stable revenue outlook for Fiscal Year 2008. The revenue picture for future fiscal years will to a certain degree depend on the housing slowdown that began early in Fiscal Year 2007. Should the slowdown in the housing market begin to affect the reassessment of real estate and cause a change in consumer sentiment making the likelihood of a recession in the national economy more likely, we would anticipate a slowing in the revenue picture for the County.

Property and income tax revenues generally make up approximately 71 percent of all operating revenues. For Fiscal Year 2008 they total only 67.2 percent; the reasons for the smaller percentage being the inclusion of impact fee revenue for the third fiscal year (estimated at \$4.2 million) and the increase in General Fund appropriated fund balance of \$5,757,918.

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### Property Taxes

FY 08 Approved    \$243,245,127    39.50%    of the Total All Funds FY 08 Operating Budget

FY 07 Approved    \$220,305,796    39.66%    of the Total All Funds FY 07 Operating Budget

\$ growth                \$22,939,331

\$ growth                10.41%

Maryland State law provides that all real property is subject to a property tax; properties are assessed by the State on a triennial system, and owners are notified by the Maryland Department of Assessments and Taxation of any change in their assessment. These assessments are certified to local subdivisions where they are converted into property tax bills by applying the appropriate property tax rate.

Low mortgage interest rates led to an increased demand for residential real estate that has outpaced supply through the early part of Fiscal Year 2007. This in turn resulted in rising real estate values and reassessments for the past several fiscal years. Reassessments are based on sales that have occurred in the reassessment area over the past three years with emphasis placed on most recent sales data. Any increase in assessed property value is phased in over the next three years.

Property Tax revenue estimates are based on a thorough analysis of lien sheet activity, deed activity, building permit data, residential sales Transfer Tax transaction data, and Maryland State Department of Assessments and Taxation Distribution Tracking Information. Based on this information, the budget maintains the General and Highways property tax rate total at \$1.082 for real property and at \$2.705 for corporate and personal property. The personal property tax rate is required by law to be 2.5 times the real property tax rate.

### Income Taxes

FY 08 Approved    \$170,297,559    27.65%    of the Total All Funds FY 08 Operating Budget

FY 07 Approved    \$161,304,138    29.04%    of the Total All Funds FY 07 Operating Budget

\$ growth                \$8,993,421

% growth                5.58%

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In preparing our Fiscal Year 2008 estimates, Income Tax receipts were continuing to show growth over last year. The County is experiencing excellent job growth locally and the regional employment picture has brightened, estimated payments have grown and capital gains from real estate sales are expected to return to normal as the housing market has slowed. All of these factors provide for the continuation of improving income revenue growth estimates for Fiscal Year 2008.

### Impact Fees

FY 08 Approved	\$4,241,017	0.69%	of the Total All Funds FY 08 Operating Budget
FY 07 Approved	\$2,000,000	0.36%	of the Total All Funds FY 07 Operating Budget
\$ growth	\$2,241,017		
% growth	112.05%		

The Maryland General Assembly adopted House Bill 965, Harford County School Construction Financing, in 2004. The bill states, "In general. – The County Council of Harford County, by ordinance, may fix, impose, and provide for the collection of a development impact fee not to exceed \$10,000 for new construction or development...Use of revenues. – The revenues from the special fund may be used only for:

- (1) School site acquisition;
- (2) School construction
- (3) School renovation;
- (4) School debt reduction; or
- (5) School capital expenses."

In Fiscal Year 2006 the Impact Fee revenues totaled \$3,400,200; it is estimated to produce another \$4,097,601 in Fiscal Year 2007. While we project that the Impact Fee will generate \$4,241,017 during Fiscal Year 2008, no Impact Fee revenue has been appropriated in the capital budget for the upcoming fiscal year. Until the Impact Fee generates the already appropriated \$6,000,000 for the Patterson Mill Middle / High School project no additional Impact Fee revenues can be appropriated for new capacity at the middle and high school levels. It is anticipated that in the Fiscal Year 2009 capital program elementary school portion of Impact Fees, handled in reserve, will be appropriated to the extent possible.

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### **General Fund Appropriated Fund Balance**

FY 08 Approved    \$25,657,817    4.17%    of the Total All Funds FY 08 Operating Budget

FY 07 Approved    \$19,899,899    3.58%    of the Total All Funds FY 07 Operating Budget

\$ growth                \$5,757,918

% growth                28.93%

An excess unappropriated fund balance realized at the end of a fiscal year, above the 5% reserve designated for credit rating purposes, maintained by County policy, is appropriated into the next fiscal year's budget, and treated as one-time funding for that fiscal year.

### **EXPENSES**

As we began constructing our Fiscal Year 2008 budgets, like most governments and businesses we were facing further increases in the cost of providing current and retired staff with health care benefits, plus higher price tags on utilities, as well as on basic operating and contractual expenses. A high priority was to fund the recommendations of a market analysis to bring our law enforcement salaries more in line with comparable Maryland counties. Of equal importance was providing increased funding to our Volunteer Fire Service to assist them in maintaining operations. Sustaining and strengthening Harford County's agricultural industry was also a major concern.

We analyzed the data from the review of all departments and agencies' projected ten year operating and capital needs, including the anticipated impacts of BRAC. We held discussions with the Board of Education on estimated capacity issues and facility maintenance concerns. We monitored legislation, both pending and enacted for its effect on our County. All capital projects were considered in light of our Master Plan and their costs were estimated as to how it would impact both Fiscal Year 2008 funding and future debt service costs to our operating budgets.

Each revenue source was analyzed, current year estimates were affirmed or revised and Fiscal Year 2008 levels were projected. These funds are defined as being on-going or one-time in nature. When requested, operating expenses that will continue into the future were considered, they were only approved if an on-going revenue source was determined to be available to maintain the service. One-time expenditures were included based on priority and up to the amount of existing funds.

Our annual public hearing took place on January 9, 2007 at Fallston High School. Citizens were given an opportunity to let my staff and I know their concerns and priorities.

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After analyzing our current and projected revenues and expenses, listening to our citizens, and considering the advice from our support committees, we developed for FY 2008, Operating and Capital Budgets which are responsive to the needs of our citizens, and fiscally sound. The following is a snapshot of the FY 2008 Operating Budget:

	FY 2007		FY 2008		% Change
<b>TOTAL OPERATING BUDGET (All Funds)</b>	<b>555,548,235</b>		<b>615,837,297</b>		<b>10.85%</b>
<b>GENERAL</b>	<b>410,093,871</b>		<b>452,729,169</b>		<b>10.40%</b>
<b>HIGHWAYS</b>	<b>61,157,265</b>		<b>58,522,772</b>		<b>-4.31%</b>
<b>PARKS AND RECREATION</b>	<b>853,203</b>		<b>946,457</b>		<b>10.93%</b>
<b>AG PRESERVATION - COUNTY</b>	<b>10,750,000</b>		<b>17,200,000</b>		<b>60.00%</b>
<b>AG PRESERVATION - STATE</b>	<b>725,000</b>		<b>725,000</b>		<b>0.00%</b>
<b>WATER &amp; SEWER OPERATING</b>	<b>38,790,437</b>		<b>41,425,195</b>		<b>6.79%</b>
<b>WATER &amp; SEWER DEBT SERVICE</b>	<b>13,726,081</b>		<b>24,949,970</b>		<b>81.77%</b>
<b>SOLID WASTE SERVICES</b>	<b>19,452,378</b>		<b>19,338,734</b>		<b>-0.58%</b>

### HARFORD COUNTY'S FY 08 OPERATING AND CAPITAL BUDGETS

**FOR OUR EMPLOYEES** the operating budget includes:

- a wage package, consisting of a Merit Step and a 3% COLA for all eligible staff;
- County funding to cover an anticipated 12% increase in health benefit costs, with none of the additional expense being passed onto our employees;
- Increasing the percentage the County will pay for the health care costs of County retirees from a maximum of 70% to 75%, the percent being based on years of service;



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- Certain employees who have been held in “Temporary” positions for a long period of time will be converted to “Permanent” status
- Funds to secure a pay, classification, and benefits study of County plans to assure fair compensation for our employees and keep us competitive in recruiting new staff;
- A “House Keys 4 Employees” program to assist County employees, staff from Harford County Public Schools, Harford Community College, and the Libraries, who are first time homebuyers. This program provides funds to be matched with a State grant and used to assist with settlement and closing costs.

### **OTHER POST EMPLOYMENT BENEFITS (OPEB)**

In June 2004, the Governmental Accounting Standards Board (GASB) released Statement 45 which revised the Accounting Standards for Post Employment Benefits Other Than Pensions (OPEB). This standard is to be applied to post-retirement medical and life insurance benefits that are provided to Harford County retirees. Prior to the new standard these benefits were accounted for on a pay as you go basis. The new standard requires that these benefits be accounted for on an accrual basis. The annual cost of OPEB for Fiscal Year 2008 is \$14,198,000. Harford County has budgeted \$4,126,537 in Fiscal Year 2008 toward the annual cost. The difference between the annual cost and the budgeted amount will be treated as a balance sheet liability.

### **THE GENERAL FUND**

<b>FY 07 Funding</b>	<b>FY 08 Funding</b>	<b>\$ Change</b>	<b>% Change</b>
\$410,093,871	\$452,729,169	\$42,635,298	10.4%

### **GENERAL FUND DEPARTMENTAL HIGHLIGHTS**

#### **THE BOARD OF EDUCATION**

<b>FY 07 Funding</b>	<b>FY 08 Funding</b>	<b>\$ Change</b>	<b>% Change</b>
\$189,414,800	\$199,614,800	\$10,200,000	5.4%

The increased County funds for the Board of Education in combination with all other revenue sources provide for:

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- \$7,407,266 WAGES AND BENEFITS

WAGES \$5,868,272

Support for a wage package in parity with the County's Step and 3% COLA for all eligible non-teaching staff and a wage package of a Step and 4% COLA for all eligible teachers.

BENEFITS \$1,538,994

An increased allocation is provided towards the system's projected 8% increase to health and dental coverage.

- \$1,367,735 OPENING OF PATTERSON MILL MIDDLE / HIGH SCHOOL

Funding is appropriated for the August 2007 opening of the new Patterson Mill Middle / High School. The system's expenses are related to the opening of the new school and the balancing of enrollment from redistricting.

\$100,000 FLU MIST

With the success of the system's previous program to provide Flu Mist to students, the County is increasing its allocation to continue and expand the service during the upcoming fiscal year.

- \$67,636 NEW STUDENT AND PSYCHOLOGICAL SERVICES REGIONAL AREA

The opening of Patterson Mill Middle / High School presents the need to establish a new regional area for Student and Psychological services. County funds are allocated in support of the related expenses of:

Staff:

1.0 Psychologist  
1.0 Pupil Personnel Worker  
1.0 Clerical Support

Ancillary Cost: computer and business equipment, furniture, copier rental, office supplies and a vehicle

- \$1,257,363 SPECIAL EDUCATION

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Increased County funding is provided to assist with the rising costs of providing the necessary services to our special needs children. Tuition costs for non-public placements have greatly increased and unrestricted funding will be needed to pay the salaries of staff previously covered by grants.

The Board of Education FY 2008 Capital Budget has 32 planned projects, totaling \$97,879,725. These projects provide for athletic field repairs; playground equipment; textbooks; vocational and technical equipment; relocatable classrooms; replacement buses and vehicles; and general upgrades in areas such as security, ADA requirements, roofs and mechanical systems, and technology; and include improved and additional parking, and renovations to aging schools.

The remainder of the projects include a 12 classroom addition to Aberdeen High School, increasing its capacity from 1,360 to 1,615 students; replacement of Bel Air and Edgewood High Schools; modernization and expansion of Deerfield Elementary from 536 to 771 students; construction of an auxiliary gymnasium and associated storage and corridor space at Joppatowne High School; redevelopment of athletic fields and construction of a football field at Harford Technical High School; a new elementary school north and east of Bel Air; furniture and equipment funds for the new Patterson Mill Middle / High School; studies to determine the scope of modernizing Homestead / Wakefield and William Paca / Old

Post Elementary Schools; engineering and design to modernize the John Archer School and Youth's Benefit Elementary School; plus construction funds to modernize and expand Joppatowne Elementary school.

<b>HARFORD COMMUNITY COLLEGE</b>	<b>FY 07 FUNDING</b>	<b>FY 08 FUNDING</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
	\$14,778,743	\$15,778,743	\$1,000,000	6.8%

The increased County funds for Harford Community College will provide:

- \$1,000,000 towards a 6% Wage Package in parity with the County's Step and 3% COLA for all eligible staff

There are eight Capital projects planned for FY 2008 for Harford Community College, totaling \$4,984,247. These projects include computer technology upgrades; site, parking lot, utility and infrastructure improvements; replacement of the College's PBX system; upgrade of the science labs in Aberdeen Hall; preservation of the foundations and upgrade of the mechanical systems in the Hays-Heighe House; and renovation of the Susquehanna Center to modernize classrooms, labs, and activity rooms as well as systemic replacement, also included is a 27,000 square foot addition to the center to house a smaller therapeutic pool, new labs and activity rooms, racquetball courts, and a large sports practice area. A new multi-purpose field is being added to Thomas Run Park. The stadium field will be renovated with artificial turf and lighting.

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LIBRARIES	FY 07 FUNDING	FY 08 FUNDING	\$ CHANGE	% CHANGE
	\$14,361,956	\$15,705,461	\$1,343,505	9.4%

The additional support to our Libraries will include:

- \$606,948 to provide for a 6% Wage Package in parity with the County's Step and 3% COLA for all eligible staff
- \$412,505 to implement the recommendations of a pay and classification study commissioned by the Libraries
- \$45,694 to fund additional library materials and collections
- \$280,334 towards funding the Libraries' Other Post Employment Benefits liability
- (\$1,976) an adjustment to the Libraries auto and general liability plus personal property insurance based on actuarials

The FY 2008 Capital Budget for the Libraries includes eight projects, totaling \$2,719,000. This funding will provide for replacement of the Aberdeen branch's HVAC system, maintenance and repair of various facilities, securing computer hardware and software, improved lighting of the Fallston branch, joint development of the Churchville Recreation Complex to include a library, a feasibility study for possible expansion of the Havre de Grace branch, continued expansion of the Jarrettsville Library's collection, and design of an expansion to the Whiteford branch.

SHERIFF'S OFFICE	FY 07 FUNDING	FY 08 FUNDING	\$ CHANGE	% CHANGE
	\$51,446,307	\$60,600,332	\$9,154,025	17.8%

My administration's commitment to public safety is clearly demonstrated by fully funding a new pay plan for the deputized staff of the Sheriff's Office at a cost of \$3,201,512, in addition to the County's FY 2008 wage package of a Step and 3% COLA for \$2,113,925. This market adjustment will make the Sheriff's Office more competitive in recruiting and retaining highly qualified personnel. Pension and retirement rate changes will cost an additional \$1,680,066. The annualization of 36 positions created in FY 07 is funded at \$708,322. The medical services contract for the Detention Center increases 8% at \$168,082 and \$90,354 is transferred from the Department of Human Resources to the Sheriff's Office for annual and pre-employment physicals as well as psychological exams.

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The FY 2008 Capital Budget includes funding in the amount of \$11,936,873 for three projects for the Sheriff's office, \$210,000 to provide computer equipment; \$11,490,000 for expansion, upgrades, and repairs to the Detention Center; and \$236,873 for in-car video cameras.

	FY 07 FUNDING	FY 08 FUNDING	\$ CHANGE	% CHANGE
<b>VOLUNTEER FIRE COMPANIES</b>				
	\$5,876,501	\$8,383,375	\$2,506,874	42.7%

At the request of the Volunteer Fire Association, the FY 2008 Approved Budget includes a \$1,399,122 increase to support the Emergency Medical Services Foundation. \$505,352 is allocated to provide a 10% increase to each of the fire companies. A \$2,400 increase will fully fund the Association's request for their Cadet Program.

\$600,000 in insurance funding is transferred from Risk Management to properly account for total funds provided to support the Volunteer Fire Companies. These funds are for Workers' Compensation Insurance for both the Volunteer Fire Company members as well as the ladies' auxiliary.

The FY 2008 Capital Budget includes four projects for the Volunteer Fire Companies; \$225,000 to support the renovation and expansion of the Susquehanna Hose Company's Union Avenue Substation, \$60,000 each for the expansions of both House #3 and #5 of the Susquehanna Hose Company, and an allocation of \$750,000 for systemic repairs, roof, paving, HVAC, and other minor renovations of selected facilities is provided to continue my commitment to the companies to annually fund such upkeep.

	FY 07 FUNDING	FY 08 FUNDING	\$ CHANGE
<b>DIVISION OF AGRICULTURAL AFFAIRS</b>			
	\$0	\$409,565	\$409,565

To emphasize the importance my administration places on sustaining and strengthening Harford County's agricultural industry, the FY 2008 Budget establishes the Division of Agricultural Affairs in order to facilitate the coordination of all agriculturally related activities in the County, and to advise the County Executive on agricultural related issues. This office also serves as the County Executive's liaison to the agricultural community. A position from the Office of Economic Development will be transferred to the Division of Agricultural Affairs and reclassified as Deputy Chief of Staff. In addition to salary, benefits and ancillary expenses, \$130,900 is allocated for the Ag Festival, the Maryland Million, a contribution to the 4-H Campground Building Campaign, and miscellaneous agricultural grants.

### COMMUNITY GRANTS AND GRANT MATCHES

<u>County Executive Grants</u>	\$742,900	\$799,500	\$56,600	7.6%
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Support for local cultural organizations, school beautification and playground projects, and for anti drug / crime / gang programs.

<b><u>Community Services</u></b>	<b>\$2,601,106</b>	<b>\$2,948,187</b>	<b>\$347,081</b>	<b>13.3%</b>
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These appropriations provide for grants, contributions and grant matches to numerous local organizations which enhance the well being and quality of life in Harford County.

### OTHER CAPITAL PROJECTS OF INTEREST

The FY 2008 Capital Budget includes several other projects of interest including an expanded auditorium for the new Bel Air High School for use by community groups; a Southern Resource Annex campus for a new Southern Sheriff's Precinct and other community services; a multipurpose storage building with expanded record storage capacity and security features; a Master Plan to determine the future use of, and renovation options for a number of County-owned buildings to include alternative financing for construction of a new Government Services Building; a contribution towards securing new street lights to complement the Town of Bel Air's Main Street Project; an enlarged gymnasium for the modernized Joppatowne Elementary School; construction of an 8,000 square foot gymnasium at the Edgewood Recreation and Community Center; a multipurpose center to serve leisure needs for all ages in the Fallston community; development of a 71 acre regional sports complex at Schucks Road where the Hickory, Fountain Green, Forest Hill and Emmorton Recreation Councils will share facilities; and a second regional complex for the Emmorton community.

<b><u>THE HIGHWAYS FUND</u></b>	<b>FY 07 FUNDING</b>	<b>FY 08 FUNDING</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
	\$61,157,265	\$58,522,772	(\$2,634,493)	(4.3%)

Harford County has always been noted for high quality maintenance of our roads. To sustain these efforts six additional Laborer positions are included at a cost of \$267,918 for FY 2008. While the County's road miles have increased from 910 to 1,037 since 1992, road crew positions were reduced from 170 to 141 from 1992 until 2002, and have remained at that level. This has put a strain on the department's ability to respond to emergencies and weather events. The increased road mileage equates to eight snow routes, and the department has been dependent on personnel from other agencies to fully staff snow removal operations. In addition to snow and emergency operations these positions will be used year round for flagging, labor, and transporting other employees, materials and equipment to work sites. \$183,000 is allocated to secure an additional crew to mow areas for storm water management.

The fleet maintenance service which is used by all County departments is contracted in the Highways Fund and the expenses charged to the user agencies. An additional \$315,000 is included based on actual expense history and the age of our fleet. The same process is used by the County purchasing all gasoline and diesel fuel in the Highways Fund and charging the expenses back to the appropriate departments. Anticipated cost increases result in an additional allocation of \$466,500.

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Equipment funding of \$2,816,695, a \$136,096 increase over FY 2007 will secure the replacement of 18 utility vehicles, 8 dump trucks, a semi-tractor, a backhoe, a grader, a bulldozer, a roller, three trailers, two blacktop pavers, four new utility vehicles and various pieces of snow removal and operating equipment.

Debt service on a 1991 bond and a 2007 lease purchase of computer equipment and vehicles results in a net increase of \$256,000. Highways funding used to support Board of Education transportation related capital projects is reduced by (\$320,000) based on the Board's needs, while an additional \$116,161 is allocated to the Sheriff's Traffic Safety Unit based on increased operating costs.

While all of these items require increased funding they are greatly offset by a (\$5,191,322) decrease in Paygo funding of capital projects. The \$12,654,000 in Paygo funds allocated to cover projects included in the FY 2008 capital budget, in combination with Federal and Reappropriated Funds and proceeds from a Special Assessment provide for: twelve bridge, six road and two resurfacing projects; and ten "Other" projects. "Other" projects include facilities repairs, computer equipment upgrades, drainage improvements, guardrails, storm drains, culvert rehabilitation, intersection improvements, and an automated vehicle locating system for use during snow and other emergencies. Funding for these projects total \$17,859,000.

	FY 07 FUNDING	FY 08 FUNDING	\$ CHANGE	% CHANGE
<b><u>WATER AND SEWER FUND</u></b>	\$38,790,437	\$41,425,195	\$2,634,758	6.8%

A net addition of one Utility Worker I position in the Water & Sewer Maintenance Division is included based on workload. Electricity funding is increased \$328,209 based on usage and anticipated rising costs. Funds for normal repairs to Water & Sewer facilities and the calibration and testing of meters and backflow preventors are increased \$97,953. Expected higher costs of chemicals result in an additional allocation of \$86,780. Equipment funding is increased \$182,178 to a total of \$978,323 to secure: seven replacement and one new utility vehicle, a replacement backhoe, the annual inspection and maintenance of wells, an Itron register, generators, pumps, gauges, and various other pieces of equipment. With the completion of capital projects their depreciation increases \$170,250 to a total of \$10,281,250. Paygo funding of capital projects is increased \$575,000 to \$1,800,000.

There are 12 Water projects planned for the FY 2008 Capital budget, totaling \$90,135,000. These projects include computer technology upgrades, a study to investigate, analyze, and recommend solutions to manage informational assets, general improvements within the Harford County Water Service Area, tank painting, and construction of a gaseous chlorine conversion alternative for the County's water treatment plants. For FY 2008 there will also be a study to evaluate the feasibility of providing effluent from the Joppatowne Waste Water Treatment Plant as a water source to the County's Waste to Energy Plant; an expansion of the County's fuel dispensing system upgrade ensuring its security; a grant for the design and construction of a public water system to be brought to the neighborhood of Glenn Heights off of Titan Terrace; construction of a solids handling facility within the City of Havre de Grace; expansion of the Abingdon Water Treatment Plant from its existing 10 million gallons a day to 30 million gallons a day; and funding to purchase additional water capacity from Baltimore City.

## BUDGET MESSAGE

The FY 2008 Capital Budget also includes 11 Sewer projects, totaling \$15,177,100. Highlights include sewer, parallel and pumping station replacements; a study to design and construct stream protection projects where streams are impacting or threatening the County's utilities; and the preparation of a Capacity Management Operation and Maintenance Program (CMOM) to assure a well managed, operated and maintained collection system.

<b><u>SOLID WASTE SERVICES</u></b>	<b>FY 07 FUNDING</b>	<b>FY 08 FUNDING</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
	\$19,452,378	\$19,338,734	(\$113,644)	(0.6%)

The County, through the Northeast Maryland Waste Disposal Authority has entered into a lease-purchase and retrofitting of the Waste-to-Energy Plant. The debt service on this, combined with management fees for operating the facility account for a \$321,927 increase in the Solid Waste Management budget for FY 2008.

	<b>FY 07 FUNDING</b>	<b>FY 08 FUNDING</b>	<b>\$ CHANGE</b>
○ Waste to Energy Plant Expenses	\$7,654,300	\$7,894,507	\$240,207
○ Principal Payments	\$5,093,875	\$5,462,300	\$368,425
○ Interest Payments	\$1,201,052	\$914,347	(\$286,705)

The FY 2008 budget provides for three temporary Weighmaster Attendants and three temporary Laborer positions. One long time temporary position of Equipment Operator was converted to a permanent position at no additional cost to the County.

Various major pieces of operating equipment used at the landfills are on a five year buy-back purchase agreement, they along with certain vehicles which meet criteria established under the County's Vehicle Replacement Policy necessitated over \$1.1 million in equipment expense for FY 2007. While equipment funding for FY 2008 is decreased by (\$953,900), new trucks, containers, a bin, and a waste oil furnace for the Harford Waste Disposal Center are included at a cost of \$215,600.

The Solid Waste Services Capital Budget contains four projects for FY 2008, totaling \$3,000,000. At the Harford Waste Disposal Center, two projects will provide for the acquisition of daily cover material, permitting, engineering, construction, acquisition, office facilities, facility related activities and appurtenances and the purchase of any additional buffer area, for future landfill expansion. At the Waste-to-Energy facility two



## BUDGET MESSAGE

projects will provide funding for an upgrade to the air pollution control equipment and expansion of waste flow as required by the Environmental Protection Agency (EPA) and the State of Maryland, as well as to support non-routine repairs to the burner units.

### AGRICULTURAL PRESERVATION – COUNTY

FY 07 FUNDING	FY 08 FUNDING	\$ CHANGE	% CHANGE
\$10,750,000	\$17,200,000	\$6,450,000	60.0%

Harford County's agricultural heritage is of major importance to my Administration. Our Vision Statement, "Preserving Harford's Past; Promoting Harford's Future" speaks to this point. My commitment to the program is further demonstrated by changes made, whereby the base value and cap associated with the per acre price has been increased from \$5,000 to \$10,000, and for the first time a price per Development Right of \$125,000 is being offered.

The County's success is demonstrated by the fact that as of July 1, 2007 the County will have purchased 41,000 acres of farmland through County and State Agricultural Preservation Programs.

I extend my sincere thanks to everyone involved in developing Harford County's Fiscal Year 2008 Operating and Capital Budgets, our citizens, our Board of Education, Harford Community College, our Library System, advisory groups and our employees for their invaluable input and commitments of time. The Fiscal Year 2008 Operating and Capital Budgets are offered as my administration's commitment to maintaining all that is good about Harford County while preparing for an even brighter future.

Respectfully submitted,



David R. Craig  
Harford County Executive



***Concord Point Lighthouse  
Havre de Grace, MD***

## DOCUMENT GUIDE

### UNDERSTANDING THE BUDGET DOCUMENT

Harford County's Annual Operating and Capital Budgets represent our comprehensive financial and operational plan for the fiscal year. A description of the major components of the Annual Operating Budget are described here. The Annual Capital Budget and Capital Improvement Program (CIP) are described in a separate document.

#### **Budget Message**

Prepared by the County Executive, the message outlines the Administration's priorities and major budget highlights. As mandated by Harford County Charter, the Budget Message contains an explanation of the Operating and Capital Budgets along with the Capital Program. It includes any major changes in financial policies, program development, expenditures, appropriations or revenues from the previous year.

#### **Document Guide**

This guide is provided to acquaint the reader with the general format, organization, and content of the County's Operating Budget.

#### **County Overview**

Historical and demographic information about Harford County, along with the County's organizational structure and statistical information are included in this section.

#### **County Budget Policies / Process**

This section provides an explanation of the County's policies and planning procedures which impact the development of the annual budget. The process for preparing, reviewing, adopting, and amending the annual budget, as well as a description of each individual major fund is included.

#### **Performance Measures**

In 1996, Harford County became the first jurisdiction in the State to institute Performance Based Management throughout all levels of County Government. This section contains the current administration's vision, mission, goals, and objectives for Harford County.

#### **Fiscal Year Budget Summary**

This section provides data summarizing the Fiscal Year 2008 Budget. It describes issues used to formulate the Fiscal Year 2008 Budget to include trend analysis and assumptions, economic outlook, organizational changes, State and Federal mandates, etc.

## DOCUMENT GUIDE

### **Spending Affordability Report**

A copy of a report submitted to the County Executive by the Spending Affordability Advisory Committee (created by Executive Order 92-2) is provided in this section. The report contains the committee's recommendations of fiscal goals for the County's Fiscal Year 2008 Budget.

### **Summaries All Funds**

Fiscal data summarizing total revenues and appropriations for all funds is provided in this section. The data is presented several ways by Character (e.g. Personal Services, Contractual Services, etc.), Fund, Revenue Source, and Department.

### **Summaries Each Fund**

Appropriation and Revenue information is summarized for each of the County's funds. The data is presented several ways by Character (e.g. Personal Services, Contractual Services, etc.), Revenue Source, and Department. A financial narrative is also provided explaining major changes to the fund.

### **Departmental Information**

The following information is provided under each department's tab:

Department Organization Chart displays what divisions are involved in the functions of each department.

Department Narrative includes a department's establishing authority and purpose; its mission statement, which supports the County's overall strategies; and the key goals chosen to support its mission.

Department Fund Summary provides appropriation information for each department by Character, Funding Source and Division.

Financial Notes explaining major changes to a department's funding level.

Staff Summary provides a list of personnel needed to perform the function of the department.

Grant Summary provides information on grants administered by the department, or for which matching funds are appropriated in the department's budget. A brief explanation of the County's obligation or any impact the grant may have on the day to day operation of the department when grant ends is also included.

### **Division Information**

The following information is provided under each department's tab for divisions involved in the functions of the department:

## DOCUMENT GUIDE

Division Narrative describes the origin and specific functions and activities of each division within a department; current fiscal year objectives, established to meet the department's goals, are delineated.

Division Character Summary provides appropriation information for each division by Character and Funding Source.

Financial Notes explaining major changes to a division's funding level.

Staff Summary provides a list of personnel needed to perform the function of the division.

Performance Measures track the division's success in meeting its objectives and attaining goals. Situations, specific to that division, have been analyzed and action plans have been established to either maintain or improve conditions. Each measure defines the division's success in carrying out the action plan.

### **Debt Service**

Harford County is required to budget annually for the payment of principal and interest due on the amount of debt that it has incurred along with lease payments. This section details the County's principal and interest payments for the budget year for each fund, as well as the service costs incurred to issue or manage debt.

### **Insurance**

The County maintains a Self-Insurance Fund for the purpose of paying General and Automobile Liability claims and County property damage losses. Funding requirements allocated to each major fund are determined on the basis of an annual contracted actuarial analysis and internal evaluation of loss experience and exposures. The amount of appropriation required for each fund for Fiscal Year 2008 are listed in this section.

### **Benefits**

This section provides a list of funds appropriated for Fiscal Year 2008 representing the share of expenses for the major funds to provide the following benefits to County employees: pensions, unemployment insurance, death benefits, life insurance, employee tuition reimbursement and a health benefit supplement for retired employees.

### **Paygo / Non-Departmental**

Debt Management policies within Harford County's five year business plan confirms that Pay-As-You-Go (Paygo) funding will continue to be used for minor renovation and repair project which have an asset life of less than ten years. A list of projects planned and amount of paygo appropriated by fund for Fiscal Year 2008 is provided in this section.

## DOCUMENT GUIDE

Non-Departmental expenses include costs essential to the operation of the County Government which do not fall within the functions of any one department or agency. This section defines and details these expenses which include a Closure Reserve account, the Rural Legacy Program, Appropriations to Towns, and Appropriations to State.

### **Contingency Reserve**

This section provides a statement of contingency reserves for both the General Fund and Highways Fund. Per the Harford County Charter, Section 506, the reserve shall not exceed three percent of any fund.

### **Capital Budget**

A summary highlighting the Capital Budget for Fiscal Year 2008 and the six-year Capital Improvement Program (CIP) is provided in this section. A more detailed description of both are included in a separate document, *The Approved Capital Budget and Capital Improvement Program Fiscal Year 2007 – 2008*.

### **Grant Summary**

This section summarizes the receipt, appropriation, and expenditure of certain Federal, State, and private monies received in grant form. A chart displaying a brief description of the grants the County anticipates receiving in Fiscal Year 2008, as well as the amount of the grant and any grant match required is provided.

### **Other Funds**

Statements of Estimated Reserved Retained Earnings and Estimated Reserved Fund Balances are described in this section for the Self-Insurance Trust Fund, Volunteer Firemen's Pension Trust (LOSAP) Fund, and the Sheriff's Office Pension Plan.

### **Glossary**

A glossary defining terms specific to budget comprehension is found under this tab.

### **Index**

An alphabetical list of items included in the document.

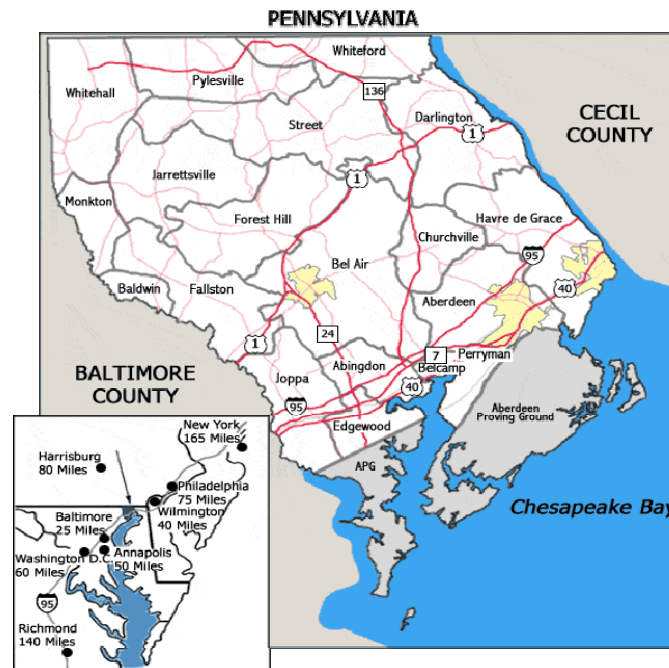
## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### COUNTY OVERVIEW

Harford County, Maryland, with its northern border being the Mason-Dixon Line, lies between Pennsylvania on the north and the Chesapeake Bay on the south, with the Susquehanna River on the east, and most of its western border on the Gunpowder River. The northern areas of the County are in the Piedmont Plateau, two to seven hundred feet above sea level. The southern areas are part of the Coastal Plain and range from forty to two hundred feet above sea level.

Today the County encompasses 448 square land miles\* and 16.5 square water miles\*. Harford has three incorporated towns: Aberdeen, Havre de Grace, and Bel Air, which is the County Seat.

\*Per the MD Geological Survey 3/3/05



## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### **HISTORY**

- 1608 Captain John Smith, representing the Virginia Company, explored the Chesapeake Bay and mapped the Harford County area. He traveled the Willobye's River (known today as the Bush River) past Spesutia Island in Havre de Grace, up the Susquehanna River to a stream, which is believed to be Deer Creek.
- 1627 An English trading post was established on Palmer's Island (now called Garrett's Island), near Havre de Grace in the Susquehanna River.
- 1632 Maryland's Charter was granted to Cecil Calvert, Lord Baltimore and the first Proprietor of Maryland.
- 1658 Havre de Grace was settled. It was originally called Susquehanna Lower Ferry and was a stop on the Old Post Road.
- 1659 Baltimore County was established by the colonial assembly as the sixth county in Maryland, and included parts of present day Baltimore, Harford, Cecil, Carroll, Howard and Kent counties.
- 1661 The town of Old Baltimore was established on the east bank of the Bush River (now Aberdeen Proving Ground).
- 1668 Settlements were established along the Gunpowder and Bush Rivers.
- 1674 Old Baltimore was authorized as the first Baltimore County Seat.
- 1712 The County Seat was relocated to the fork of the Gunpowder River at Joppa.
- 1768 With Joppa's harbor silting up and numerous other difficulties, including a smallpox epidemic, the County Seat was moved to Baltimore.
- 1771 Henry Harford, son of Frederick Calvert the Sixth Lord of Baltimore, inherited the Province of Maryland. Henry Harford was the last Proprietor of Maryland.
- 1773 Harford County was separated from Baltimore County, and named for Henry Harford. The Act of the General Assembly of 1773, Chapter 6, called for the division of Baltimore County and for the erecting of a new one by the name of Harford. The boundaries of the County were established. Bush was established as the County Seat. Four acres of land were purchased for the purpose of building a courthouse and a prison in the new county.
- 1774 The actual formation of government for Harford County occurred on March 22, 1774, when Henry Harford, Lord Proprietor of the Province, sent his commission to the new County seat at Harford Town, or Bush. Thomas Miller was commissioned as the first Sheriff.



## **AN OVERVIEW OF HARFORD COUNTY, MARYLAND**

- 1775 The Bush declaration was signed, the County's first proclamation of independence from Britain, to be signed by an organized body of men.
- 1776 Harford County's population was 12,765, roads had been laid out, bridges erected, and churches built.
- 1777 Havre de Grace was burned by the British in the War of Independence.
- 1780 The Town of Bel Air was laid out by Aquilla Scott on land he inherited called Scott's Improvement Enlarged, or Scott's Old Fields.
- 1782 The County Seat was moved to Bel Air, and plans were made for the Bel Air Courthouse.
- 1784 The Act of 1784 changed the name of Scott's Improvement Enlarged to "Belle Aire" (current day Bel Air).
- 1785 Havre de Grace was incorporated.
- 1813 On May 3<sup>rd</sup>, the town of Havre de Grace was plundered and burned by the British during the War of 1812.
- 1918 Aberdeen Proving Ground and Edgewood Arsenal were established.
- 1964 The County Coat of Arms was designed by George Van Bibber and adopted by the County Commissioners on September 28, 1964.
- 1972 Harford County Charter Government began. The Harford County Charter was adopted by the eligible voters on November 7, 1972, and became effective December 7, 1972.

### **THE BUSH DECLARATION**

Thirty-four Harford County citizens gathered on March 22, 1775, at Bush on the main thoroughfare between Annapolis and Philadelphia, near what is now Maryland Routes 7 and 136.

They signed a commitment to resist British infringement on American rights 16 months before the Declaration of Independence was signed in Philadelphia.

Recorded in the 1774-1777 Harford County Committee of Observation's Record Book, the Bush Resolution is believed to be the first resolution of this spirit adopted by duly elected representatives.

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

*"We, the committee of Harford County, having most seriously and maturely considered the Resolves and Association of the Continental Congress and the Resolves of the Provincial Convention, do most heartily approve of the same, and as we esteem ourselves in a more particular manner, entrusted by our constituents to see them carried into execution, we do most solemnly pledge ourselves by every tie held sacred among mankind, to perform the same at the risqué of our lives and fortunes."*

### **THE HARFORD COUNTY SEAL**

County Coat of Arms was designed by George Van Bibber and adopted by the County Commissioners on September 28, 1964. In the accepted design the shield is gold to symbolize the wealth of the county and the richness of its fields. Across the shield are waving bends of blue signifying three major county streams (Deer Creek, Bynum Run, and Winters Run). The crest is a two-handed forearm with the right hand holding escrivant (heraldic for "wriging"), a white quill symbolizing the pen used by those who wrote and signed the Bush Declaration. The left hand holds a sword as if presenting into the right hand of the nation, the skills of reproducing defense materials, emanating from Edgewood Arsenal and Aberdeen Proving Ground. The motto "At the Risque of Our Lives and Fortunes" comprises the last eight words of the Bush Declaration and preserves the same spelling for "risk" that is used in that document.

### **THE HARFORD COUNTY TREE**

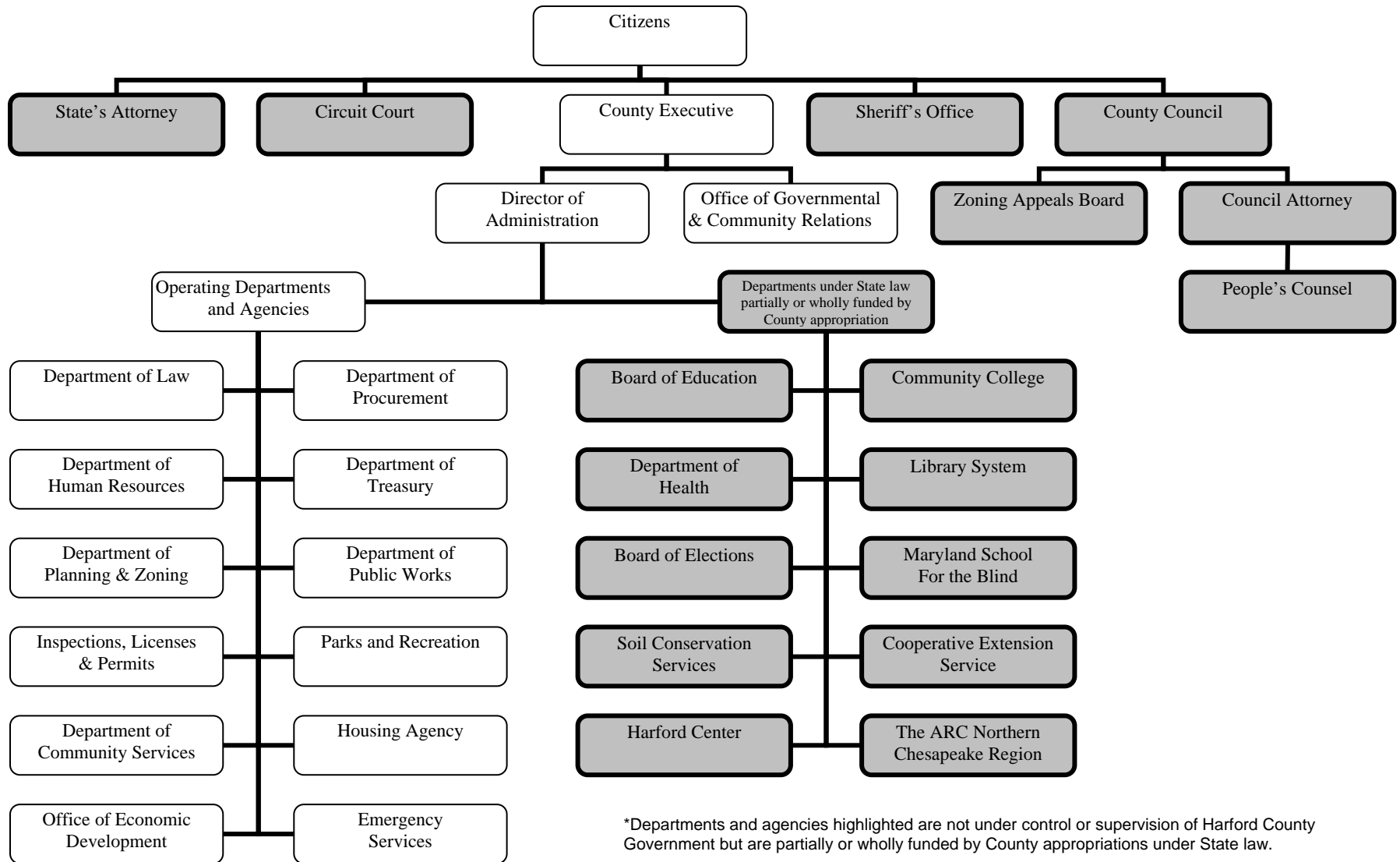
The flowering dogwood (*Cornus florida*) is the official tree of the County.

### **FORM OF GOVERNMENT**

The Harford County Charter was adopted by the eligible voters on November 7, 1972, and became effective December 7, 1972. The Charter conveys all rights and powers of local self-government and home rule to the County Council and County Executive.

The following page depicts an overall organization chart for the County.

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND



\*Departments and agencies highlighted are not under control or supervision of Harford County Government but are partially or wholly funded by County appropriations under State law.

## **AN OVERVIEW OF HARFORD COUNTY, MARYLAND**

### **LEGISLATIVE BRANCH**

Article II of the Charter vests all legislative powers in the County Council, which consists of six Council Members, each of whom reside in and are elected from one of the County's six districts, and a Council President, who may reside anywhere in the County and is elected at-large. Council Members must have been a resident and a qualified voter of the County for at least two years immediately preceding their election or appointment.

All sessions of Council must be conducted in public; four members constitute a quorum; and sessions are to be held the first three Tuesdays of each month and each Tuesday of the month of May.

The Charter also provides for a Council Administrator to keep minutes of meetings, maintain a journal and other duties as the Council may direct; and a Council Auditor, who must be a certified public accountant and who is charged with preparing an annual financial audit of all agencies that receive or disburse County funds. A Council Attorney is appointed by the Council to act as their Chief Legal Advisor. The Council Attorney must be a member in good standing of the Bar of the Maryland Court of Appeals for at least five years; and prior to assuming the duties of the office must be domiciled in the County.

All formal communication from the Council to the Executive Branch must be addressed to the County Executive, and neither the Council nor any of its members can give orders either publicly or privately to any subordinate of the County Executive. The Council does however have the power to investigate into the affairs of the County and the conduct of any County agency. The appointment of an Executive Branch agency head, board member and / or commission member, requires Council confirmation.

### **THE HEALTH DEPARTMENT**

Article 25A Section 5(Y) of the Annotated Code of Maryland, 1957, and Chapter 9, Article 11, Section 116 of the Harford County Code establish the County Council as the Local Board of Health for the County with power to adopt and enforce all necessary rules and regulations concerning sanitation for food service facilities, habitable buildings and private water supplies within its jurisdiction and to provide reasonable regulating fees and charges plus penalties for violations.

### **HARFORD CABLE NETWORK**

Harford County Charter Article XXVIIA establishes the Harford Cable Network Board as an agency of the County Council. The Board consists of 15 members appointed by the Council, and coordinates the public, educational, and governmental access programming of Harford Cable Network. Revenue received by the Network is turned over to the County Treasurer to be accounted for and expended in accordance with County budget procedures.

## **AN OVERVIEW OF HARFORD COUNTY, MARYLAND**

### **EXECUTIVE BRANCH**

#### **COUNTY EXECUTIVE**

Under Harford County's Charter, Article III, a County Executive shall be nominated and elected by the qualified voters of the entire County, and be vested all executive power in Harford County by the Constitution and laws of Maryland and the County Charter. The County Executive's duties include, but are not limited to:

- Preparing and submitting to the Council the annual County budget;
- Preparing and submitting to the Council and the public, within four months after the close of the fiscal year, an annual report on the activities and accomplishments of the County government, including a detailed financial statement;
- Providing the Council with any information concerning the Executive Branch which the Council may require for the exercise of its powers;
- Recommending to the Council such measures for legislative action as may be deemed to be in the best interests of the County;
- Insuring that County funds in excess of those required for immediate needs are invested in the best interests of the County;
- Signing or causing to be signed on the County's behalf all deeds, contracts, and other instruments; and
- Seeing that the affairs of the Executive Branch are properly and efficiently administered, and that employees of the Executive Branch faithfully perform their duties.

The County Executive serves for a four year term, with a two consecutive term limit; shall have been a resident and a qualified voter of the County for at least five years immediately preceding the election; and at the time of election shall be at least 25 years old. In the event of a temporary absence or disability of the County Executive, the Director of Administration shall perform the duties of the County Executive.

#### **DIRECTOR OF ADMINISTRATION**

Under Harford County's Charter, Article III, Sections 310 and 312, the County Executive is charged with appointing a Director of Administration, subject to confirmation by the Council. The Director of Administration serves at the pleasure of the County Executive, performs administrative duties and exercises general supervision over the agencies of the Executive Branch as the County Executive directs. In the event of a temporary absence or disability of the County Executive, the Director of Administration shall perform the duties of the County Executive.

The Director of Administration also serves as the County's budget officer, and is responsible for causing to be prepared and submitted to the County Executive, for approval and submission to the Council, all County budgets. The Director of Administration is also charged to study the organization, methods, and procedures of each agency of the County government and submit to the County Executive periodic reports on their efficiency and economy. The Director of Administration is the County's Hearing Officer on appeals to the decisions of department heads on the application of County rules and regulations.

## **AN OVERVIEW OF HARFORD COUNTY, MARYLAND**

Both Charter provisions and Executive Orders have resulted in the creation of various divisions under the purview of the Director of Administration:

The divisions of Facilities and Operations, Central Services, Budget and Management Research and Risk Management provide support services to all County government departments and agencies. Each division's supervisor reports directly to the Director of Administration.

The divisions of Computer Support and Management Information Systems are under the direction of an Information Systems Division Manager who reports to the Director of Administration, and is responsible for the County's multi-platform systems.

The Division of Emergency Services, though funded as a separate budget, is an additional responsibility of the Director of Administration, who is the liaison between County government and the County's twelve Volunteer Fire and Ambulance Companies.

### **AGENCIES OF THE EXECUTIVE BRANCH**

Charter Section 313 calls for the County Executive to appoint a single officer to head each agency of the Executive Branch, as well as the members of all boards and commissions, subject to confirmation by the Council, and who serve at the discretion of the Executive. Section 402 requires that "In the Executive Branch of the County government there shall be a Department of Law, a Department of the Treasury, a Department of Planning and Zoning, a Planning Advisory Board, a Department of Public Works, a Public Works Advisory Board, a Department of Parks and Recreation, a Parks and Recreation Advisory Board, a Human Relations Commission, a Personnel Advisory Board, a Department of Procurement, and any other agencies established by law." The Charter then defines the qualifications for and duties of the department heads and board members.

The Executive Branch has evolved, per Charter Section 402's "...any other agencies established by law." Subsequent Charter sections and / or Executive Orders have created: the departments of Human Resources, Community Services, and Inspections, Licenses and Permits; the Housing Agency; and the offices of Economic Development and Governmental and Community Relations.

### **PUBLIC SAFETY**

#### **SHERIFF'S OFFICE**

The actual formation of the government for Harford County occurred on March 22, 1774, when Henry Harford, Lord Proprietor of the province, sent his commission to the new County seat at Harford Town or Bush. Thomas Miller was commissioned as the first Sheriff. In 1777, John Taylor became Harford County's first elected Sheriff. Law enforcement responsibilities within the Sheriff's Office mirror that of most other police agencies throughout the nation. In Harford County, the Sheriff's Office has retained the responsibility of being the primary law enforcement agency in the County, maintaining law and order, investigating crime, apprehending criminals, serving the courts and having responsibility for the custody of prisoners. The County's Sheriff is elected for a four year term with no term limit.

## **AN OVERVIEW OF HARFORD COUNTY, MARYLAND**

### **VOLUNTEER FIRE COMPANIES**

There are twelve Volunteer Fire and Ambulance Companies that protect the citizens of Harford County. Chapter 1, Section 33 of the Harford County Code directs the County Executive "...to pay to the support of volunteer fire companies in the County and to volunteer fire companies operating in the County under written working agreements with the County, for the purpose of helping in the acquisition and maintenance of such companies' fire-fighting apparatus...such sums as the County Council shall deem proper..."

### **STATE'S ATTORNEY'S OFFICE**

In 1851, Article V, Section 7 of the Maryland Constitution created the position of the State's Attorney for each county and Baltimore City. The Constitution of 1867 defined the duties of the State's Attorney, as they exist today. The State's Attorney is primarily responsible for the investigation and prosecution of criminal cases at the trial level. State's Attorneys work with the police in the development of cases, presentations to the Grand Jury and trial of cases in Circuit, District of Juvenile Court. Harford County's State's Attorney is elected for a four year term with no term limit.

### **JUDICIAL**

The Judicial System in Harford County is represented by a District Court and a Circuit Court.

The District Court of Maryland, created by a constitutional amendment in 1970, is divided into twelve geographical districts. Each district contains one or more political subdivisions, with at least one judge in each subdivision. District 9 covers Harford County alone with four Judges. The District Court Judges are appointed by the Governor to ten year terms, they do not stand for election. The District Court is centrally administered and totally funded by the State. The jurisdiction of the court includes all landlord-tenant cases, replevin actions (recovery of wrongfully taken or detained goods), motor vehicle violations, misdemeanor cases, boating and vehicle offenses, and minor criminal cases involving bad checks, credit cards, counterfeiting, insurance or workers' compensation fraud and theft, and certain felonies. In civil cases the District Court has exclusive jurisdiction in claims for amounts up to \$5,000, and concurrent jurisdiction with the Circuit Courts in claims for amounts above \$5,000 but less than \$25,000. The jurisdiction of the court in criminal cases is concurrent with the Circuit Court for offenses in which the penalty may be confinement for three years or more or a fine of \$2,500 or more; or offenses which are felonies. A case in the District court is argued before a judge only, there are no jury trials in District Court.

Maryland Circuit Courts were established by the State Constitution of 1851, Article IV, Sections 8 and 9; they are grouped into eight geographical circuits. The first seven each contain two or more counties; the eighth consists of Baltimore City. The Third Judicial Circuit covers Baltimore and Harford Counties with sixteen Judges and five Judges, respectively. Circuit Court Judges are appointed by the Governor and then must stand for election in the first general election that occurs at least one year following the vacancy the judge was appointed to fill. The Judge may be opposed formally by one or more qualified members of the bar, with the successful candidate being elected to a fifteen year term. More serious criminal cases, civil cases involving more than \$25,000, or juvenile and other family law cases such as divorce, custody and child support and most cases

## **AN OVERVIEW OF HARFORD COUNTY, MARYLAND**

appealed from the District Court, orphans' courts and certain administrative agencies are tried by the Circuit Court, as well as hearing domestic violence cases. Cases may involve juries or sometimes are heard by a judge only.

The State of Maryland appropriates funds for the salaries of all Circuit Court Judges, the Clerk of the Circuit Court and all employees of the Clerk's Office. Harford County funds the cost of the Judges' staff, juror fees, Juvenile Court, and certain Court related functions.

### **OUTSIDE AGENCIES**

A number of agencies, though independent from Harford County Government, receive the major portion of their operating funds from the County. The County funds appropriated to these agencies represent significant portions of the County's Operating and Capital Budgets. Article VIII, Section 811 of the County Charter defines each of these agencies as "a subordinate element of government...including...when so specified, all offices, departments, institutions, boards, commissions, and corporations which receive or disburse County funds."

### **BOARD OF EDUCATION AND PUBLIC SCHOOLS**

The Harford County Board of Education was established under the Education Article of the Annotated Code of Maryland to have perpetual existence and be a body of politic and corporate of the State of Maryland. It is empowered and required to maintain a reasonably uniform system of public schools designed to provide quality education and equal educational opportunities for all youth. The Board is composed of seven members. Each is appointed by the Governor of Maryland and serves for a term of five years. The terms of the Board of members overlap and each member is eligible for reappointment; however, no member may serve more than two consecutive terms. Board of Education members do not receive salaries for their services. In addition, there is a student representative to the Board who serves a one year term while a high school senior. The student is elected by the Harford County Regional Associate of Student Councils.

The Board of Education appoints the Superintendent of Schools for a four year term. The Superintendent acts as the Executive Officer of the Board as well as Secretary and Treasurer. The Superintendent is responsible for the Administration of the Harford County Public School System which consists of fifty-two schools, thirty-two elementary, eight middle, eight comprehensive high, one technical high, a special education school serving students with disabilities, an Alternative Education Program, and the new Patterson Middle / High School, scheduled to open in August 2007. A Science and Mathematics Academy magnet program opened in the fall of 2004; there is a 245 acre Harford Glen Outdoor Education Centre, and the County's first charter school, the Restoration Alternative Academy.

### **THE PUBLIC LIBRARY SYSTEM**

Harford County's Public Library System was established in 1946 and re-established in 1981 as a County agency under State law. The Library Board of Trustees was authorized by the Laws of Maryland Article 77 and the Harford County Code Article 21, Chapter 9. The Board of Trustees are appointed by the County Executive and confirmed by the County Council to overlapping five year terms. Their duties were established by State law:



## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

- To establish and operate a free library
- To set library policy
- To advise in the budget process and control spending of funds

The system operates eleven branches, a Rolling Reader Program, a Silver Reader Program, the Highlands Common Library, and provides library services to the Harford County Detention Center.

### HARFORD COMMUNITY COLLEGE

Harford Community College was founded in 1957 as a public community college. The College occupies a 332 acre site on Thomas Run Road, three miles east of Bel Air, Maryland. The mission of Harford Community College (HCC) is to provide high quality, accessible and affordable educational opportunities and services. These include university transfer, career, developmental and continuing education programs, that promote professional competence and economic development and developmental and continuing education programs, that promote professional competence and economic development and improve the quality of life in a multicultural community. As the primary resource for and coordinator of higher education in the County, the College serves as a center of culture and recreation. Programs and services provide lifelong learning for residents with an emphasis on adult instruction in classrooms, laboratories and clinics, and on electronic systems as well as intergenerational courses and workshops in recreation, in business applications, in specialty areas, fine and performing arts.

### HEAT CENTER *HIGHER EDUCATION AND APPLIED TECHNOLOGY CENTER*

The HEAT Center is Harford County's one stop shop technology resource for higher education courses and degrees, tech training and certification, customized corporate training, meeting and conference facilities, videoconferencing, networked computer labs, a high performance manufacturing lab, a biochemical lab, with a technology business park that has flexible office, lab, and testing units, as well as areas to build on. The HEAT Center is the official satellite in Harford County for degree programs by Johns Hopkins University, The College of Notre Dame, Towson University, The University of Maryland, College Park, and the University of Phoenix.

The HEAT Center's Managing partners are the Executive Director of the Maryland State Transportation Authority, the Presidents of Harford Community College and Cecil Community College, and the Harford County Executive.

### THE HARFORD CENTER

Article XXV of the Harford County Code establishes a body corporate and politic, known as the Harford Center, as an instrumentality of the County and as a public corporation, to operate a residential and day care training and rehabilitation facility center to properly care for and provide necessary services to physically and mentally handicapped County residents.

## **AN OVERVIEW OF HARFORD COUNTY, MARYLAND**

The activities of the Harford Center are to be financially supported by citizen support, voluntary contributions, fees and charges, plus payments from the state and federal government. The County Council is authorized to make annual appropriations in support of the Center's operations; the Council may also authorize funds or issue debt for the Center to acquire land or make capital improvements.

### **THE ARC NORTHERN CHESAPEAKE REGION**

The ARC Northern Chesapeake Region is a private, non-profit local chapter of the ARC of Maryland and the ARC of the United States, the largest volunteer organization in the world devoted exclusively to improving the quality of life for all adults and children with mental retardation and their families. The ARC Northern Chesapeake Region is funded by Maryland State Agencies, the United Way, some agency owned thrift stores, fundraising, and an annual contribution from Harford County Government.

The ARC Northern Chesapeake Region creates opportunities for people with mental retardation to develop and exercise the competence that will empower them to make choices in the pursuit of their own personal futures and to participate fully in the life of the community. It also provides support for families of persons with mental retardation to enable them to provide a stable and nurturing environment for all family members. The ARC provides direct services in the areas of residential, community supported living arrangements, individual support services, family support services, foster care, adoption, employment and transportation services, as well as individual and systems advocacy plus information and referral services.

### **EXTENSION SERVICES**

Established by the Federal Hatch Act (1887) and the Smith-Lever Act (1887), the Harford County Cooperative Extension Office provides educational outreach (Extension) from the University of Maryland, College Park, and the University of Maryland, Eastern Shore as part of their three-fold mission as land grant institutions of teaching, research, and outreach.

Cooperative Extension in Harford County provides educational programs based on the needs and interests of county residents. Emphasis is placed on Agriculture and Natural Resource Science, Family and Consumer Science and 4-H and Youth Development. Extension is funded through county, state, and federal contributions. Some special projects are funded through grants and donations.

### **SOIL CONSERVATION**

The Harford Soil Conservation District was organized on September 6, 1944 as one of the several local government subdivisions established in 1937 under the Agriculture Article Title 8, Soil Conservation, SS8-101 through 8-705 of the Annotated Code of Maryland as amended. The district's purpose is to carry out a soil, water, and related resources conservation program.

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### DEMOGRAPHICS

#### HARFORD COUNTY POPULATION

(SOURCE: HARFORD COUNTY DEPT. OF P&Z – U.S. CENSUS BUREAU, MD DEPT. OF PLANNING)

2000 – 218,590  
2005 – 238,250  
Projections:  
2010 – 257,000  
2015 – 274,250  
2020 – 277,100  
2025 – 281,050

#### HOUSEHOLDS

Median Household Income (2004) - \$62,927

(SOURCE: OFFICE OF ECONOMIC DEVELOPMENT / U.S. BUREAU OF CENSUS ESRI FORECASTS)

Number of Households:

(SOURCE: HARFORD COUNTY DEPARTMENT OF P&Z, DECEMBER 2006)

2000 – 79,667  
2005 – 88,460  
Projections:  
2010 – 97,010  
2015 – 105,565  
2020 – 107,935

#### EDUCATION ATTAINMENT

(SOURCE: OFFICE OF ECONOMIC DEVELOPMENT / CLARITAS 2003 PROFILE REPORT)

High School Graduate or higher: 86.7%

Annual # of high school grads: 2,603

Percent of high school grads entering workforce: 20.1%

Percent of high school grads continuing education: 79%

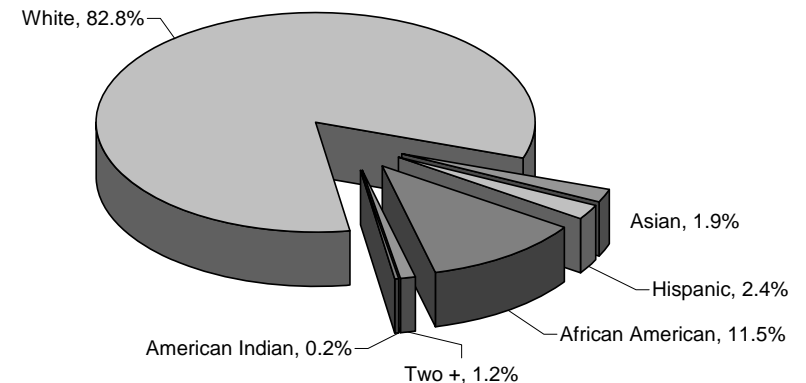
Students enrolled in Career & Tech programs: 1,021

#### POPULATION BY AGE

(SOURCE: HARFORD COUNTY DEPT. OF P&Z – U.S. CENSUS BUREAU, DEC.)

0-4 years of age: 15,776  
5-9 years of age: 17,476  
10-19 years of age: 32,569  
20-34 years of age: 38,596  
35-49 years of age: 57,215  
50-64 years of age: 34,798  
65 years and over: 22,160

#### POPULATION SHARE BY RACE & ORIGIN



(SOURCE: U.S. CENSUS BUREAU POPULATION ESTIMATES, 2005)

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### ECONOMICS

#### HARFORD COUNTY'S BOND RATING

Credit (or Bond) ratings are designations by the investor services to give a relative indication of credit quality. When a government receives a higher bond rating, their bonds can be sold at a lower interest rate, which results in less interest cost to that government.

Harford County went to the bond market May 3, 2005 for a \$42,415,000 bond sale (\$35,905,000 in General Obligation and \$6,510,000 in Water & Sewer bonds). The county received and maintained its current ratings of: Fitch Ratings AA+, Standard and Poor's AA+, and Moody's Investors Service Aa1, as published in the County's May 6, 2005 Official Statement.

Harford County received its ratings based on: an increasing tax base (that is more business growth), favorable debt ratios, sound financial operating and reporting, and conservative budgeting.

Investor Service	Highest Rate Possible	FY 99	FY 01	FY 02	FY 04	FY 06
Standard & Poor's	AAA	AA	AA	AA	AA+	AA+
Fitch	AAA	AA	AA+	AA+	AA+	AA+
Moody's Investor Service	Aaa	Aa2	Aa2	Aa1	Aa1	Aa1
(Note: For FY 00 only short-term financing was done)						

### LEGAL DEBT MARGIN

Starting in FY 02, State law limits charter counties to the amount of general obligation debt they can issue (Legal Debt Limit) to an amount equal to a total of 6% of the County's assessable base of Real Property and 15% of Personal Property.

Harford County's Legal Debt Limit	100%	1,132,130,754
Total Debt Applicable to the Legal Debt Limit	28.01%	317,214,830
Legal Debt Margin	71.99%	\$ 814,915,924

By subtracting a county's amount of incurred debt from its Legal Debt Limit one can determine the county's Legal Debt Margin, that is the amount of debt the county could still incur before reaching its Legal Debt Limit. By keeping our debt level well below our debt limit, Harford County has maintained favorable debt ratio cited as partially responsible for our high bond rating.

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### TOTAL DEBT

Estimated Long Term Debt	317,214,830
Estimated Self Sustaining Debt	218,238,082
Total Bonded Debt	<u>\$535,452,912</u>

### ASSESSABLE BASE

Total Assessable Base	25,841,215,852
Less Tax Exempt Portion	2,972,883,240
Total Taxable Value	<u>\$22,868,332,612</u>

### **TOP TAX PAYERS**

(SOURCE: HARFORD COUNTY, MD COMPREHENSIVE ANNUAL FINANCIAL REPORT, FISCAL YEAR ENDED JUNE 30, 2005 {UNAUDITED})

Baltimore Gas & Electric Company.....	\$7,588,846
Verizon – Maryland .....	\$2,294,714
Susquehanna Power Company .....	\$2,003,301
Wells Fargo Northwest.....	\$519,360
Columbia Gas Transmission .....	\$506,822
Harford Mall Business Trust.....	\$501,871
Festival at Bel Air LLC.....	\$496,650
State of Wisconsin Investment Board .....	\$411,268
Comcast Cablevision of Harford County .....	\$302,016
Bel Air Square Joint Venture.....	\$279,052

### **UNEMPLOYMENT RATE**

(SOURCE: HARFORD COUNTY, MARYLAND OFFICE OF ECONOMIC DEVELOPMENT, MD DEPT. OF LABOR, LICENSING AND REGULATION)

**January 2006 – 4.1%**

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### **MAJOR EMPLOYERS**

(SOURCE: HARFORD COUNTY, MARYLAND OFFICE OF ECONOMIC DEVELOPMENT)

(Selected major private employers)

Aberdeen Proving Ground:	
Military .....	5,110
Other .....	7,376
Total .....	12,486
Upper Chesapeake Health System.....	2,200
Rite Aid Mid Atlantic Distribution Center .....	969
Sverdrup Technology, Inc. ....	500
Saks Fifth Avenue .....	472
EAI Corporation.....	445
Science Applications International Corporation (SAIC) ....	420
Battelle .....	400
Frito-Lay .....	386
Collins & Aikman .....	338
Custom Direct, Inc.....	329
Bechtel National, Inc. ....	329
Blue Dot of MD .....	300
Constar .....	250
APG Federal Credit Union .....	242
Cytec Engineered Materials .....	226

### **EDUCATION**

#### HARFORD COUNTY PUBLIC SCHOOLS

32	Elementary Schools
8	Middle Schools
8	Comprehensive High Schools
1	Technical High School
1	Patterson Mill Middle / High School
1	John Archer Public special education school serving students with disabilities
1	An Alternative Education Program
<u>52</u>	Total Number of Schools

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

A Science and Mathematics Academy magnet program opened in the fall of 2004.

### Enrollment:

Actual Enrollment – FY 2007 ..... 39,582  
 Projected Enrollment – FY 2008 ..... 39,487  
 Projected FTE Staff – FY 2008 ..... 5,416

### Funding:

County	199,614,800	46.50%
State	207,819,066	48.41%
Federal	17,489,731	4.07%
Fund Balance	1,840,030	0.43%
Other	2,541,251	0.59%
<b>Total</b>	<b>429,304,878</b>	<b>100.0%</b>

### **HARFORD COMMUNITY COLLEGE**

(SOURCE: HARFORD COMMUNITY COLLEGE QUICK FACTS)

Full Time Equivalent Enrollment ..... 3,358  
 Number of Students ..... 7,706  
     Full Time Students ..... 1,521  
     Part Time Students ..... 6,185  
 Average Age ..... 26.6

Median Age ..... 21  
 Degree Seeking Status:  
     Associate Seeking ..... 5,673  
     Certificate Seeking ..... 219  
     Non Degree Seeking ..... 1,812

### **THE HEAT CENTER:**

(SOURCE: [www.harford.edu/HEATCenter](http://www.harford.edu/HEATCenter))

The HEAT Center's Managing Partners are the Executive Director of the Maryland State Transportation Authority, the President of Harford Community College, and the Harford County Executive.

College / University partners & Degree Programs offered:

#### College of Notre Dame of Maryland:

BA – Business and Elementary Education  
 BS – Nursing  
 MA – Leadership in Teaching, Management, Contemporary Communication

#### University of Maryland at College Park:

M. Eng – Engineering  
 Graduate Certificate in Engineering

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### Johns Hopkins University:

MS – Biotechnology  
Engineering and Applied Science Programs

### Towson University:

M.Ed – Education  
MS – Instructional Technology  
Post-Master's Certification for Administrator I

### University of Phoenix:

BS – Information Technology  
MBA – Technology Management

## **2006 SERVICE STATISTICS**

### **FIRE / EMERGENCY MEDICAL SERVICES**

Number of Volunteers ..... 1,520  
Number of Fire & Medical  
Emergency Responses ..... 24,239  
Number of 911 calls ..... 101,431  
Number of Hazardous  
Materials Incidents ..... 246  
Emergency Operations Center  
Activations / Exercises ..... 19  
Number of Emergency Apparatus..... 110  
Number of Stations:  
Main Stations ..... 12  
Sub-stations ..... 14

### **PUBLIC WORKS**

#### Highways:

Miles of Streets Maintained by the County  
Blacktop..... 637  
Tar & Chip ..... 350  
Earth..... 50  
**Total Number of Miles..... 1,037**

### **SHERIFF**

Number of Law Enforcement Officers..... 280  
Number of Community Policing Programs..... 340  
Number of Neighborhood Watch Programs..... 62  
Number of Police Responses..... 161,532  
Number of Emergency Apparatus..... 295  
Number of Facilities ..... 16

Number of Street Lights..... 5,119  
Number of Snow Routes..... 73  
Number of Bridges..... 213



## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### Water & Sewer:

Daily average water consumption in gallons.....	approx. 11,870,000	Number of sewer customers .....	2,971
Daily average effluent treatment in gallons.....	approx. 14,000,000	Number of water & sewer customers.....	41,603
Number of water customers .....	1,647		

### Solid Waster Services:

Tons of recycled materials collected annually – 176,856 (calendar year 2006)  
Tons of solid waste processed annually – 166,029 (includes HWDC Landfill, and WTE Plant)

### **LIBRARIES**

(SOURCE: HARFORD COUNTY LIBRARIES ONLINE – [www.hcplonline.info](http://www.hcplonline.info))

Number of Branches ..... 11 service outlets  
Number of Registered Borrowers ..... 211,585  
Circulation ..... 3,227,637

### Materials Collection

Adult ..... 430,176  
Children ..... 447,674  
Audio-Visual ..... 120,093  
**Total Collection..... 997,943**

### Staff

Library Personnel ..... 255.45 FTE  
Volunteers (FY 05) ..... 18,314 total hours

### Information / Technology

Virtual Visits to Network Library ..... 890,621  
On-Line Database Usage..... 100,828 sessions  
Technology Instructions ..... 16,955 individuals

### **PERMITS & INSPECTIONS**

#### Permits Issued:

(Actual FY 2006)

Building..... 5,793  
Electrical..... 7,120  
Plumbing ..... 7,610

#### Inspections Completed:

(Actual FY 2006)

Building ..... 23,147\*  
Electrical..... 16,989  
Plumbing ..... 17,216

New Residential Permits Issued ..... 1,145  
(Actual FY 2006)

\*Includes full year of inspection activity for Town of Havre de Grace under the  
Town / County agreement.

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### HARFORD COUNTY AT A GLANCE

#### **CULTURAL AND RECREATION ATTRACTIONS**

Anita C. Leight Estuary Center	Havre de Grace Maritime Museum	Steppingstone Farm Museum
Concord Point Lighthouse	Hays House	Susquehanna Lockhouse Museum
Eden Mill Nature Center	Ironbirds Stadium	Susquehanna State Park
Fiore Winery	Ladew Topiary Gardens	Swan Harbor Farm
Harford County Equestrian Center	Liriodendron Mansion	Rocks State Park
Harford Glen Environment Education Center	Ripken Museum	Rockville Manor
Havre de Grace Decoy Museum		

#### **AGRICULTURAL**

The Harford County Agricultural Land Preservation Program allows land owners to preserve farmland for future generations through the use of conservation easements; in addition, the land owner receives payment and / or a tax credit for selling their development rights. By July 1, 2007 the County will have purchased an estimated 41,000 acres of farmland through County and State Agricultural Preservation programs. There are five Farmers' Markets throughout the County for over 80 vendors, attracting approximately 1,000 customers weekly. Harford County has approximately 4,000 head of dairy cattle, 4,000 head of beef cattle, and is the home to over 7,300 horses. Nursery and Equine are the fastest growing Ag sectors in Harford County.

<b>Land Use</b>		<b>Total Developed:</b>	<b>26.4%</b>	<b>Total Non-Development</b>	<b>73.6%</b>
Total Acres	335,282	Residential	17.5%	Agriculture	36.7%
Total Land	83.7%	Commercial / Industrial	2.1%	Forest	34.2%
Total Water	16.3%	Institutional / Open	6.8%	Extractive / Barren	0.1%
				Wetlands	2.6%

#### **RECREATION**

Volunteer Recreation Councils .....	20
Number of Parks & Recreation Volunteers .....	23,078
Acres of County & Municipal Park Land .....	4,345
Acres encompassing five State parks.....	6,593

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### HEALTH

#### Medical Institutions:

Upper Chesapeake Medical Center  
Harford Memorial Hospital

#### Harford County Health Department:

Number of Employees – 222

Number of Sites – 11

Divisions: Addictions, Administration, Environmental, Health,  
Health Education, Health Services, Nursing, and WIC

#### Inspections of Food Establishments:

The Food Control Program regulates, inspects, and licenses all facilities in Harford County that sell or provide food to the public, in accordance with the Code of Maryland Regulations (COMAR) 10.15.03, which govern food service facilities. These facilities include, but are not limited to: restaurants, carry-outs, fast food stores, grocery stores, convenience stores, schools, churches, hospitals, nursing homes, mobile food units, snowball stands, food vending areas, and temporary food stands.

### ELECTIONS

Number of Registered Voters ..... 151,300 (as of February 1, 2007)

### TRANSPORTATION

#### Harford County Transportation Service:

Annual Ridership.....281,991

Number of Vehicles.....30

Vehicle Miles Traveled .....737,252

#### Air for Charter and Corporate flights:

Harford County Airport, Aldino

Fallston Airport, Fallston

Forest Hill Business Airpark, Forest Hill

#### Train:

Commuter - Amtrak

MARC (MD Rail Commuter – Aberdeen, Edgewood)

Freight – CSX Transportation, Conrail

Major Highways – I-95, U.S. 40, U.S. 1, and MD 24

#### DISTANCE TO:

40 miles from Wilmington, Delaware

60 miles from Washington, DC

75 miles from Philadelphia, Pennsylvania

80 miles from Harrisburg, Pennsylvania

140 miles from Richmond, Virginia

165 miles from New York, New York

(SOURCE: HARFORD COUNTY, MD REGIONAL MAP)

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### **COMPARING MARYLAND COUNTY STATISTICS**

#### **POPULATION**

(SOURCE: MD ASSOCIATION OF COUNTIES, FY 2007 – POPULATIONS AS OF JULY 1, 2006)

Montgomery County .....	938,829	Anne Arundel County .....	515,232
Prince George's County .....	855,338	Howard County .....	274,001
Baltimore County .....	792,637	Harford County .....	243,622
Baltimore City .....	632,791	Carroll County .....	172,310

#### **BUDGET**

(SOURCE: MD ASSOCIATION OF COUNTIES – BUDGET, TAX RATES & SELECTED STATISTICS – FY 2007)

	<u>FY 07 Operating</u>	<u>FY 07 Capital*</u> For selected categories in FY 07
Anne Arundel County	1,641,631,839	285,594,850
Baltimore County	2,378,464,390	271,207,000
Baltimore City	2,015,669,944	381,319,000
Montgomery County	3,881,588,682	580,764,000
Prince George's County	2,807,122,500	660,011,000
Howard County	917,293,310	336,655,000
Harford County	546,045,090	162,905,276
Carroll County	302,636,000	129,284,033

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### PROPERTY TAX RATES

Real Property  
Tax Rates  
July 1, 2006 – June 30, 2007  
Per \$100

	Maryland	\$0.1120
1	Baltimore City	\$2.2880
2	Baltimore County	\$1.1100
3	Harford	\$1.0820
4	Carroll	\$1.0480
5	Howard	\$1.0140
6	Charles	\$1.0260
7	Allegany	\$0.9829
8	Garrett	\$1.0000
9	Frederick	\$0.9360
10	Wicomico	\$0.9420
11	Kent	\$0.9720
12	Somerset	\$0.9400
13	Cecil	\$0.9600
14	Prince George's	\$0.9600
15	Washington	\$0.9480
16	Anne Arundel	\$0.9180
17	Dorchester	\$0.8960
18	Caroline	\$0.8700
19	Calvert	\$0.8920
20	St. Mary's	\$0.8570
21	Queen Anne's	\$0.8000
22	Worcester	\$0.7000
23	Montgomery	\$0.6240
24	Talbot	\$0.5000

(SOURCE: choosemaryland.org)

Business Personal Property  
Tax Rates  
July 1, 2006 – June 30, 2007  
Per \$100

	Maryland	None
1	Baltimore City	\$5.7200
2	Baltimore County	\$2.7500
3	Harford	\$2.7050
4	Carroll	\$2.6200
5	Howard	\$2.5350
6	Charles	\$2.5650
7	Allegany	\$2.4573
8	Wicomico	\$2.3550
9	Somerset	\$2.3500
10	Cecil	\$2.4000
11	Prince George's	\$2.4000
12	Washington	\$2.3700
13	Anne Arundel	\$2.2950
14	Dorchester	\$2.2400
15	Caroline	\$2.1800
16	Calvert	\$2.2300
17	St. Mary's	\$2.1950
18	Worcester	\$1.7500
19	Montgomery	\$1.5600
	Garrett*	
	Frederick *	
	Kent*	
	Queen Anne's*	
	Talbot*	

\*NONE ON BUSINESS, ONLY UTILITY  
OPERATING PROPERTY IS TAXED

## AN OVERVIEW OF HARFORD COUNTY, MARYLAND

### PERSONAL INCOME TAX RATES

(SOURCE: MD ASSOCIATION OF COUNTIES,  
BUDGET, TAX RATES, AND SELECTED STATISTICS  
CY 2007)

1	Howard	3.20%
2	Montgomery	3.20%
3	Prince George's	3.10%
4	Somerset	3.15%
5	Wicomico	3.10%
6	Harford	3.06%
7	Baltimore City	3.05%
8	Carroll	3.05%
9	St. Mary's	3.00%
10	Frederick	2.96%
11	Allegany	2.93%
12	Charles	2.90%
13	Queen Anne's	2.85%
14	Kent	2.85%
15	Baltimore County	2.83%
16	Calvert	2.80%
17	Cecil	2.80%
18	Washington	2.80%
19	Garrett	2.65%
20	Caroline	2.63%
21	Dorchester	2.62%
22	Anne Arundel	2.56%
23	Talbot	2.25%
24	Worcester	1.25%

## COUNTY BUDGET POLICIES / PROCESS

Harford County's Fiscal Policies and Budget Process were framed by the County Charter and the County Code; expanded by our Business Plan; enhanced by recommendations of the Government Finance Officers Association; and conform to Federal, State and local regulations as well as requirements of the Governmental Accounting Standards Board.

At the core of these policies and processes is the Administration's determination to remain conservative financial managers, yet recognize fluctuations in the economy, changing trends, adoption of new laws, and the concerns of our citizens. The County realizes the need to constantly review and adapt where necessary our ways of conducting business.

### **POLICY DEVELOPMENT**

Harford County's Fiscal Policies are based on and have evolved from:

#### **I HARFORD COUNTY CHARTER, ARTICLE V, BUDGET AND FINANCE**

The Harford County Charter, Article V, Budget and Finance sets the Fiscal, Tax and Budget Year to begin on the first day of July and to end on the thirtieth day of June of the succeeding year.

The Charter requires the County budget to be comprehensive in scope and represent a complete financial plan for the County. Revenue and expense estimates, debt, debt service, contingency reserves, cash surpluses and historical spending are required elements. The County Council is charged with adopting the annual budget and levying taxes sufficient to balance the budget as to proposed income and expenditures.

The Charter establishes policies concerning supplemental, emergency and unexpended appropriations, as well as transferring appropriations, limiting expenditures, defining the composition of funds, and amending the budget.

The County may incur debt per the Charter; however,

no debt for a term of one year or greater shall be incurred by the County to meet operating expenses;

all debt for a term in excess of one year shall become due no later than 30 years after the date of issuance, except debt incurred to finance water, sewer, and wastewater facilities, which shall become due no later than 40 years after the date of issuance; and

debt should be made payable within the probable useful life of the improvement or undertaking.

## COUNTY BUDGET POLICIES / PROCESS

### **II ANNOTATED CODE OF MARYLAND – DEBT LIMIT**

Pursuant to Article 25A, 5(P) of the Annotated Code of Maryland (1998 Replacement Volume and 2001 Supplement), Harford, as a charter county is limited in the amount of general obligation supported debt it can issue to an amount equal to a total of 6% of the assessable base of Real Property and 15% of Personal Property.

### **III CODE OF HARFORD COUNTY, MARYLAND – FISCAL IMPACT STATEMENTS**

The Code of Harford County, Maryland, Part I Administrative Legislation, Chapter 31, Fiscal Impact, requires that all proposed legislation before the County Council is reviewed for its fiscal impact prior to public hearing. Based on the assumption that the consequence of any law could affect the costs of operation of government, it is County policy to provide to the legislative body such information as is necessary to assess associated direct and indirect costs of pending legislation. Additionally, fiscal impacts are provided to State government for any State legislation under consideration which would affect Harford County.

### **IV HARFORD COUNTY'S FIVE YEAR BUSINESS PLAN**

**THE EVOLUTION OF THE PLAN** – In addition to State and County legal requirements, various County administrations have initiated studies and developed plans and policies to successfully manage the County's finances. These policies evolved over time. Budget shortfalls experienced by the State of Maryland greatly impacted the way the County does business. By 1993, these studies, plans and policies were consolidated in a Five Year Business Plan. Components of the Plan are updated annually and the entire Plan is to be reviewed, revised, and reaffirmed every five years. This Plan has become the basis from which most of the County's fiscal policy has been derived.

- **FISCAL YEAR 1988** – The County Administration, at that time, wanted to assure the citizens of Harford County that funding for public services, programs, and facilities were:
  - sufficient to assure effectiveness;
  - appropriate as to source; and
  - fair and equitable throughout the County.

To this end, the Administration began in September 1987 to develop a ten year model for operating and capital budgets in the General, Highways and Water and Sewer Funds. Various department heads participated in identifying the needs of the County and its school system, Community College, Library System, and Public Safety Divisions. However, affordability was not a factor in the development of these spending plans; and no effort was made to balance revenues and expenditures in the model. This resulted in fiscal years when projected expenses exceeded projected available revenues, and vice versa.

- **FISCAL YEAR 1991** – In December 1990, the newly elected Administration recognized trends that revenues available to fund governmental services would not increase as rapidly as in the past for the foreseeable future. They undertook a complete review of the



## COUNTY BUDGET POLICIES / PROCESS

County's operating budgets and capital improvement program.

At that time the State of Maryland, and most of its subdivisions, were dealing with dwindling revenues of a magnitude that had not been seen for quiet some time, and which had resulted from:

- a decline of new construction;
- increased unemployment;
- fewer available Federal and State grant funds; and
- a general economic slowdown.

In addition, Harford County real property tax assessment growth was capped at 6% per year for residential properties, further limiting projected revenue.

Credit rating agencies had determined and judged the County to be well managed, both from executive and financial management considerations. The Administration was committed to maintaining sound management practices in all areas and established a goal to address their current business cycle and to plan for the future, while not increasing the existing property tax rate.

- **FISCAL YEAR 1992** – Through prudent budgeting and stringent cost-saving measures the County Administration developed a Fiscal Year 1992 budget which included an unappropriated fund balance of \$6.3 million. However, the State of Maryland was facing an anticipated \$445 million revenue shortfall. Twice during Fiscal Year 1992 the State enacted measures to eliminate their deficit by reducing State assistance to local governments. Harford county's share of the reduction was \$3.3 million. The county was able to absorb the reduction through expenditure savings and an increase in revenues.
- **FISCAL YEAR 1993** – The county budget included a \$7.7 million unappropriated fund balance, but the State again announced an anticipated revenue shortfall of \$150 million. This time the State, which had been liable for the Social Security costs of the local governments' Boards of Education, Community Colleges and Library systems, passed that liability to the counties. This unanticipated expense cost Harford County over \$6 million for Fiscal Year 1993.

The County increased a number of fees for permits and licenses to reflect the true cost of providing the oversight responsibility it held in these areas. The "capped" real property tax assessment was also increased to 10% per year.

In addition, the County Administration adopted the initial Five Year Business Plan.

- **FISCAL YEAR 2004** – Multiple factors impacted the County's budget development for Fiscal Year 2004. On the revenue side, the national economy slowed, stock markets declined, and unemployment rates rose leading to a drop in Income Tax receipts; and once again the State of Maryland was projecting major funding deficits for the current and upcoming fiscal years. On the expense side, the County was faced with the price tag for implementing the Federal "No Child Left Behind" and the State "Bridge to Excellence" education legislation, a projected 30% increase in health benefit costs, and a pay and classification structure for County employees that had not been realigned since 1997, leaving Harford County out of line with other Maryland local governments. These factors resulted in belt

## COUNTY BUDGET POLICIES / PROCESS

tightening measures so stringent our General Fund Budget was reduced by almost \$4 million over the Fiscal Year 2003 budget. This led to scrutiny of and amendments to our Fiscal Policies. A major change to one principle of financial management was converting a standard of maintaining debt service from no greater than 5% of the General Fund Budget to a policy of keeping that debt to as small a portion of the General Fund Budget as is realistically possible, while not tied to a set ratio, holding conservative, yet fluid and responsible debt management as fiscally prudent.

- **FISCAL YEAR 2007** – Shortly after taking office, County Executive Craig was apprised of the extent to which the Department of Defense's Base Realignment and Closure (BRAC) actions would impact Aberdeen Proving Ground (APG) and Harford County. BRAC, in combination with jobs that will be indirectly created, will lead to a projected increase in the County's population by as much as 55,000 over the next ten years. However, the County Executive kept foremost in his budget development consideration of those issues pertinent to our present citizens, enhancing our educational system, maintaining public safety, protecting our environment and preserving our quality of life.

County Executive Craig charged the Treasurer and the Chief of Budget to meet with all County departments, outside agencies, and the towns, in order to compile a database, combining all of the operating and capital needs these groups project for the next ten years. Then each group was asked how BRAC would change those needs. This data was then analyzed for consistency with the County's Master Plan and for affordability in light of projected revenues. This formed the basis for our Capital Improvement Program, our Fiscal 2007 Capital Budget and any comments for on-going operating expenditures.

By Executive Order, he appointed the BRAC Planning and Advisory Commission (BPAC) to identify the opportunities and challenges resulting from BRAC and its increased activities on and off APG, to define the infrastructure needs required to support these activities, and to evaluate the ability of the County to meet these challenges and fulfill the needs.

This is a process that will evolve over the next ten years, while we will simultaneously deal with changes to the national and state economies, legislated mandates, and the will of our citizens. The dynamic will be challenging and will have significant impact on our strategic planning.

The Administration has formalized a process for budget development, which starts each year with revising our database. The information will be shared with our Planning & Zoning Department for compliance with or amendments to our Master Plan. Existing services will be evaluated via performance measures to assure best practices. Federal, State and local legislation will be monitored for its fiscal impact. We will consult with the County Council, the towns and outside agencies to share data and explore cooperative agreements. Research will be conducted to explore options for alternative means of doing business. Revenue streams will be analyzed and trends noted. Service charges will be evaluated and adjusted to fair levels. As yet untapped funding sources will be explored. The Administration has however established the policy that bonded debt and its resulting debt service is to be kept at a level not higher than 8% of the General Fund Budget.

## COUNTY BUDGET POLICIES / PROCESS

**CORNERSTONES OF THE PLAN** – Harford County’s Five Year Business Plan address the areas of Financial and Strategic Planning, Debt and Cash Management, Revenues, plus Operating and Capital Budget Policies, to ensure that the County is capable of adequately funding and providing those local government services needed by the community.

- **FINANCIAL PLANNING** – A Six Point Plan was designed to address economic cycles and maintain the existing property tax rate.
  1. Expenditures will be reviewed and approved based on real versus perceived need.
  2. Each function, service, project, and expenditure will be reviewed as to its affordability.
  3. New sources of revenue will be identified and advanced.
  4. We will prepare, integrate through planning, and maintain conservative annual operating budgets and multi-year spending plans.
  5. We will plan for and preserve a prescribed year-end fund balance to maintain our credit rating, and to provide for emergency needs.
  6. We will develop and implement a new Ten Year Capital Program based on affordability and sound debt management practices.
- **STRATEGIC PLANNING** – The Business Plan also incorporates Ten Principles of Sound Financial Management.
  1. The planning system in the County will continue as a dynamic process which is synchronized with the Capital Improvement Program, Capital Budget, and Operating Budget. The County’s Land Use Plan shall not be allowed to become static. There will continue to be a periodic review of the plans at least every five years.
  2. New private projects increase the assessable bases in the County and provide the funding for capital projects of the County. Harford County must continue to diversify its economic base by encouraging commercial, and in particular, industrial employment and associated revenues. Such business and industry must be in accord with plans and ordinances of the County.
  3. Annual budgets shall continue to show fiscal restraint. Further, it is imperative that a positive cash balance (surplus) be shown in the General Fund at the end of the fiscal year. If necessary, spending during the fiscal year will be reduced sufficiently to create a cash surplus.
    - a. A managed operational (contingency) reserve shall be maintained in the General Fund at a level sufficient to provide temporary financing of unforeseen needs of an emergency nature, to permit orderly adjustment to changes resulting from termination of revenue sources through actions of other governmental bodies, and to meet unexpected small increases in service delivery costs. The reserve will be maintained at a level not to exceed 3% of the total General Fund, and any other fund, in any given fiscal year per Section 506(7) of the County Charter.
    - b. A managed reserve shall be maintained as part of the General Fund. The reserve will be maintained at a level not less than 5% of the total General Fund disbursements in any given fiscal year.

## COUNTY BUDGET POLICIES / PROCESS

4. If a deficit appears to be forthcoming, the County Executive shall direct that a freeze be placed on personnel hiring and new capital expenditures. Exceptions are to be made only on a tightly controlled case by case basis.
5. Harford County's cash management system must continue to receive full support and cooperation from all County agencies. Such a system is an indication of the soundness and professionalism of the County's financial management process.
6. All efforts must be made to improve the productivity of the County's programs and its employees. The County's productivity analysis process is a dynamic part of the administration.
7. A continuing effort must be made to reduce duplicative functions within the County government and the autonomous agencies, particularly those which receive appropriations from the General Fund.
8. The County's debt ratios shall be maintained at the following levels:
  - a. Net Bonded Debt is to be maintained at a level no more than 2.3% of the Estimated Market Value of Assessable Property in the County.
  - b. Bonded debt and its resulting debt service is to be kept at a level not higher than 8% of the General Fund Budget.
9. Debt must not expand beyond that already contemplated. Self liquidating bonds will be issued only after careful analysis for fiscal soundness to ensure that revenue sources are properly in place and appropriate covenants protect the fiscal soundness of the County.
10. The County has, and will continue to maintain a high standard of accounting practices in conformance with Generally Accepted Accounting Principles (GAAP) through the following practices:
  - a. The accounting system will maintain records on a basis consistent with accepted standards for local government accounting (according to GASB, NCGA and AICPA).
  - b. Regular monthly financial reports and annual financial statements will present a summary of financial activity by governmental funds, and all funds respectively.
  - c. An independent firm of certified public accountants will perform an annual financial and compliance audit, and will publicly issue an opinion which will be incorporated into the Comprehensive Annual Financial Report.
  - d. Annually, the County will seek the Government Finance Officers Association (GFOA) certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award.
  - e. The County will regularly report to the National Federation of Municipal Analysts on the activities occurring in the County.
  - f. Interim Financial Statements will be prepared as of December 31<sup>st</sup> of each year and furnished to the Nationally Recognized Municipal Securities Information Repositories (NRMSIR) and to the rating agencies.

## COUNTY BUDGET POLICIES / PROCESS

- **DEBT MANAGEMENT** – In order to provide an adequate physical infrastructure, improved services, and channel growth while maintaining the County's quality of life, a balanced approach to capital funding was adopted.
  1. The County will issue General Obligation Bonds for new buildings, and major renovations and repairs to existing buildings which contribute to the life of an asset.
  2. Water and Sewer projects will be financed with long term debt, only after sources of revenue have been established to pay the annual debt payments, such as connection charges and/or assessments to property owners who will benefit from the improvements.
  3. Pay-As-You-Go (Paygo) will continue to be used for minor renovation and repair projects which have an asset life of less than ten years.

### DEBT BURDEN ANALYSIS

Debt burden is a measurement of the relationship between the debt of the County supported by its property tax base and population. The broadest and most generally available measure of wealth in the community is the assessed valuation of all taxable property. In addition, debt can be compared to population to determine a per capital burden level. The County makes these comparisons each time it offers bonds for sale. They are included in the official statements that are distributed to prospective investors. A Debt Burden Analysis spreadsheet is updated annually for the Business Plan and is included in the Fiscal Year Budget Summary section of this budget document.

- **CASH MANAGEMENT** – To achieve the most productive use of cash, minimize operating costs, and provide maximum flexibility the County shall:
  1. Pool cash from the different funds for investment purposes.
  2. Invest 100% of its idle cash on a continuous basis.
  3. Make a cash flow analysis of all funds on a regular basis. Disbursement, collection, and deposit of all funds will be scheduled to ensure maximum cash availability.
  4. Analyze market conditions and investment securities daily to determine the best possible return on all cash investments.
  5. Make arrangements with a bank on a contractual basis for a specified period of time and with specified fees for each service rendered.

- **REVENUE POLICIES** – The plan calls for a diversified and stable revenue system to shelter the County from short-run fluctuations in any one revenue source.

### REVENUE ESTIMATING AND LONG RANGE FORECASTS

- The County will estimate its annual revenues by an objective, analytical process.
- Annually, the County will update revenue projections for the next three years. As part of this annual process each existing and potential revenue source will be re-examined.

## COUNTY BUDGET POLICIES / PROCESS

### PROPERTY TAX BASE AND RATES

- The Treasurer shall make all checks necessary to assure that property appraisal and assessment procedures are fair and accurate, even though it is a State function.
- The Treasurer and the Director of Planning and Zoning shall check property classifications to ensure that zoned land carries the proper appraisal.
- The County will follow an aggressive policy of collecting property tax revenues. The annual level of uncollected property taxes shall not exceed 1.0%.

### USER CHARGES, SERVICE FEES, FINES, ETC.

- The County will maintain all user charges and fees at a level related to the cost of providing the service. A review of the user charge and fees will be completed annually to determine the impact of inflation, and/or changes in activity, and determine if adjustments in the rate are necessary.
- The County will set the fees and user charges of enterprise funds, such as water and sewer, at a level that fully supports the total direct and indirect cost of the activity – including the cost of annual depreciation of capital assets.

## • **OPERATING BUDGET POLICIES**

### EXPENDITURES

The County will pay for all current expenditures with current revenues. The County will avoid budgetary procedures that balance current appropriations at the expense of meeting future years' obligations, such as postponing expenditures, accruing future years' revenues, or rolling over short-term debt.

### MAINTENANCE OF CAPITAL PLANT AND EQUIPMENT

The budget will provide for adequate maintenance of capital plant and equipment and for their orderly replacement based on the schedule prepared under the capital improvement budget policy.

### PENSION PLANS

The County will provide for adequate funding of the Volunteer Firemen's Pension Program and the Sheriff's Pension Plan by establishing an actuarial reserve. Pay-as-you-go pensions will not be established. Actuarial analysis will be performed at least biannually on the pension systems. Adjustments in benefits will be authorized through legislation only after meeting the test of actuarial soundness.

### BUDGETARY CONTROL

- The County will maintain a budgetary control system to assist in adhering to the enacted budgets of the various operating funds.
- The County will, at least monthly, prepare regular reports comparing actual revenues and expenditures to budgeted amounts.

### THREE-YEAR EXPENDITURE PLAN

Annually, the County will update expenditure projections for the next three years. Projections will include estimated operating costs of future capital improvements that are included in the capital budget.

## COUNTY BUDGET POLICIES / PROCESS

### FISCAL IMPACT STATEMENTS

- Fiscal impact statements shall be prepared for all legislative proposals and resolutions in accordance with local law. Statements shall also be prepared on any new administrative policy, procedure, or program that is proposed.
- Fiscal impact statements shall also be prepared to determine future financial impact of subdivision approvals. The fiscal impact shall be assessed on both the expenditure and revenue side of the budget.

### • **CAPITAL IMPROVEMENT BUDGET POLICIES**

#### GENERALLY

- All capital improvements and various related projects must be made in accordance with the Approved Capital Improvement Program.
- Annually, the Planning Advisory Board shall consider an itemized list of all capital projects and the capital improvement program which all agencies of the County government propose to undertake in the ensuing fiscal year and the next succeeding five fiscal years thereafter. After consideration by the Planning Advisory Board, the Director of Planning shall transmit to the County Executive, together with his recommendation, a list of projects recommended by said Board to be undertaken in the periods aforesaid and its estimated cost thereof.  
The County's Infrastructure Review Subcommittee will simultaneously review the same list of projects and make recommendations to the County Executive, based on each project's compatibility with the County's Master Plan, the coordination of projects between departments, and what items need to be considered for inclusion in preventive maintenance projects.
- The County shall coordinate the capital improvement budget with the operating budget. Debt service operating costs will be projected and included in the operating budget forecasts. Debt service and, therefore, approved capital projects must follow the standard debt policies of the County.

#### FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

- In accordance with the Harford County Charter, the County will adopt a five-year Capital Improvement Plan and update it annually.
- The County will annually enact capital improvements based on the Five-Year Plan.

#### FINANCING PROJECTS

- All projects must be funded in accordance with the adopted County debt policy.
- The County will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to the County Council for approval.
- The County will utilize the least costly method of financing all new projects.

## **V HARFORD COUNTY'S STRATEGIC PLAN**

For Harford County, Strategic Planning is not just a function of budgeting, but a multi-faceted approach to resource management designed to maintain the County's quality of life, while preparing for our future. The County's Master Plan and the Administration's goals are the basis on which Performance Management and Budgets are built.

## COUNTY BUDGET POLICIES / PROCESS

### o THE MASTER PLAN

1969 The County's first comprehensive land use plans were developed.

1972 The Harford County Charter was adopted.

Harford County Charter, Article VII, Planning and Zoning calls for the Department of Planning and Zoning to prepare and propose Master Plans from time to time. Such plans may be initiated by order of the County Executive or by legislative act of the Council. Master Plans provide direction for addressing future growth, revitalization, the provision of adequate public facilities, economic development and the preservation and protection of natural resources, agricultural lands and historic resources.

1977 The County's second comprehensive plan was prepared. This Harford County Master Plan marked the beginning of comprehensive planning under the new charter form of government.

THE DEVELOPMENT ENVELOPE – concept, which defined a geographic area for planned development, was introduced in the 1977 Master Plan. This concept allowed the County to begin staging and directing more intense growth into a specific area, namely the corridors defined by I-95 / U.S. Route 40 and the MD Route 24 corridor north to Bel Air.

1988 An alternative approach to a single Master Plan was introduced requiring the inclusion of elements which further advance the purposes of the Master Plan.

A LAND USE ELEMENT PLAN – which is viewed as the core of the Master Plan shall show proposals for public, private, residential, commercial, industrial, agricultural and recreational uses of land. The plan should show the most appropriate and desirable patterns for the general location, character, extent, and interrelationship of the manner in which the community should use its public and private land at specified times as far into the future as is reasonable.

A TRANSPORTATION PLAN – covering all types of highways or streets, airways, waterways and railways. The plan should again detail the most appropriate and desirable pattern for circulating persons and goods at specific times as far into the future as is reasonable.

A WATER & SEWER MASTER PLAN – sets the foundation for timing and planning of public water and sewer facilities in appropriately zoned areas.

A SOLID WASTE MASTER PLAN – evaluates the County's solid waste management operations and establishes a 10 year management program for these operations.

THE CHESAPEAKE BAY CRITICAL AREA PROGRAM – is designed to manage land use within 1,000 feet of tidal waters and tidal wetlands. Its goal is to protect water quality and natural habitat, and to accommodate future growth based on environmentally sensitive areas.

THE RURAL ELEMENT PLAN - addresses preservation of the County's rural character and promotion of agriculture as the primary economic enterprise in the rural areas.

THE LAND PRESERVATION AND RECREATION PLAN – addresses the County's need for open space and recreational areas, and considers these areas as part of a larger system of preserved lands. It also explores the relationships between land used for recreation, in the broader context of preservation, and appropriate use of natural resources.

Additional implementation tools were added, such as the ADEQUATE PUBLIC FACILITIES PROGRAM (APF) to help manage growth more effectively in the Development Envelope. APF simply says the existing public facilities for water, sewer, schools and roads must be adequate to support planned land development.



## COUNTY BUDGET POLICIES / PROCESS

- 1992 The State enacted the Maryland Economic Growth, Resource Protection and Planning Act, which required that certain “visions” be incorporated into county and municipal master plans. These visions include: development in concentrated suitable areas; protection of sensitive areas; protection of rural areas and resources; stewardship of the Chesapeake Bay; conservation of resources; economic growth; and addressing funding mechanisms.
- 1996 The Master Plan and the Land Use Element Plan were combined to strengthen the core of the planning process. The Development Envelope concept was maintained, concluding that there was sufficient capacity within the Envelope to support projected growth for approximately 18 years. Development of the 1996 plan was largely based on a community planning process involving 10 Community Planning Councils, whose common issues, balanced with each community’s individuality, provided guidance for a countywide vision on land use. Additional elements were added:  
A NATURAL RESOURCES ELEMENT PLAN – includes methods for protecting environmental resources, including streams and their buffers, steep slopes, floodplains, and the habitats of threatened and endangered species.  
AN HISTORIC PRESERVATION PLAN – explains how historic structures and archaeological sites can further an awareness of the importance of the County’s heritage among the citizens.  
AN EDGEWOOD COMMUNITY PLAN – is a comprehensive revitalization strategy to improve physical, social, and economic conditions within the Edgewood community, which strives to guide future growth and sustain the community’s character and values.  
A JOPPA/JOPPATOWNE COMMUNITY PLAN – is a community level master plan that serves as a blueprint for the physical development and redevelopment of the community.
- 1997 While the visions of the State’s 1992 Planning Act remain as a foundation for all local and State plans, and the work accomplished under this act helped to shape five pieces of legislation passed by the State General Assembly, collectively known as “Smart Growth”. These directed the State to target programs and funding to support established communities and locally designated growth areas and to protect rural areas.
- 2004 The Master Plan begins by defining the relationship between the Land Use Element Plan and the other elements, all of which will be updated concurrently, to ensure consistency with the initiatives outlined in the Land Use Element Plan. This is a first step in developing a consolidated Comprehensive Plan.  
Also included for 2004 were an updated RURAL ELEMENT PLAN, and:  
A COMMUNITY FACILITIES PLAN ELEMENT – which goes as far into the future as is reasonable with appropriate and desirable proposals for parks and recreation areas, schools and other educational and cultural facilities, libraries, churches, hospitals, social welfare and medical facilities, institutions, fire stations, police stations, jails or other public office or administrative facilities.  
Interjurisdictional coordination, as called for by the State of Maryland to direct future growth toward existing population centers, is also addressed in the 2004 plan, to develop a regional approach to growth management and resource protection.  
DESIGNATED GROWTH AREAS are also included for 2004. While the Development Envelope is included in these growth areas, other pockets of the County will be developed as well, mainly the HEAT (Higher Education and Applied Technology) Center, Harford Community College, municipalities, rural villages and certain mixed office use locations.  
The 2004 Plan also incorporates the “Visions” of the Maryland Planning Act and Smart Growth Initiatives, including Priority Funding Areas and implementation of a Rural Legacy Program. Building on these State programs, Harford County has developed a series of Guiding Principles, which form the foundation for the Land Use Element Plan, and in effect provide the County’s vision for growth

## COUNTY BUDGET POLICIES / PROCESS

management and resource protection: Quality of Life; Stewardship of our Resources; Growth Management; Redevelopment and Revitalization; Commitment to Communities; Coordination Among Agencies and a Sound, Balanced, and Diversified Local Economy.

### o **PERFORMANCE MEASURE MANAGEMENT**

In 1996, Harford County became the first jurisdiction in Maryland to institute Performance Based Management through all levels of County Government. In addition to current and future basic operational obligations, we must also recognize those expenses, to be funded for the upcoming year and committed to future budgets, which work towards meeting the Administration's short term objectives and long term goals. The need to align department / agency strategic plans, budgets, and performance measures with the Countywide Mission, Vision, Goals and Objectives has become increasingly clear. Throughout their terms, each County Executive has held periodic work sessions to reaffirm their Vision and Mission, and to reevaluate and / or redesign their goals.

Each agency funded by Harford County has also been charged with developing their own Mission Statement and Goals, in support of the County's overall Vision, Mission, Goals and Objectives. In addition, the departments had to establish short term Objectives to meet their Goals, and various Performance Measures to quantify their success or failure to meet their Objectives.

After reviewing our Performance Based Management system, which was instituted in 1996, it was found that our measurements were portraying an incomplete picture of the County's efforts. The analysis showed that over 40% of performance measures were output oriented. A good performance measurement system should provide accurate information as to how well we are progressing towards accomplishing the County's Mission, Goals, and Objectives. This system should answer the following questions: what is being achieved; how efficiently was the work performed; and whether or not citizens were assisted and satisfied.

**VISION:** What the organization would look like if it achieved its mission. Something seen in the future after mission is achieved.

**MISSION:** The charge, assignment, or purpose given to an organization or part of that organization. It should define who the customer / client is, why the organization exists.

**GOAL:** The condition or state that one is striving to achieve. Usually long-term and may be beyond what might reasonably be expected to be achieved. Goals should give more specific direction on how the mission will be achieved. A goal should be a statement of broad direction, purpose or intent based on the needs of and issues facing the community. A good goal should begin with "To" and a verb, and should identify the customer.

**OBJECTIVE:** A statement of the condition or state one expects to achieve. An objective should be realistic, measurable, generally within the control of the organization and time constrained.

## COUNTY BUDGET POLICIES / PROCESS

**PERFORMANCE MEASURES:** Data which indicates if you are achieving results on your strategic plan. Performance Measures help translate an organization's mission, vision, and strategy with tangible objectives.

Harford County's concept encompasses a "family" of measures approach in order to present a balanced picture of performance. The "family" of measures includes the following types:

**Input** – Value of resources used to produce an output.

**Output** – Quantity or number of units produced. Outputs are measurable.

**Efficiency** – Inputs used per unit of output (or outputs per input).

**Service Quality** – Degree to which customers are satisfied with a program or how accurately or timely a service is provided.

**Outcome** – Qualitative consequences associated with a program / service, i.e., the ultimate benefit to the customer. Outcome focuses on the ultimate "why" of providing a service.

### PLANNING / BUDGETING / MANAGING & ACCOUNTING ARE ALL LINKED

They all deal with the allocation of resources, and budgeting must not be a numbers crunching episode, but a planning activity matching financial resources to achieve program goals.

#### STRATEGIC PLANNING

Strategic planning requires analyzing: the community's strengths that can be leveraged; weaknesses to be improved upon, current and future opportunities; and critical needs that should be addressed. The results of these analyses should then be used to establish broad goals to guide us in decision making. Strategic planning means:

- Identifying "Stakeholders" (the citizens and groups) and their concerns, needs, and priorities. Harford County does this now with citizen surveys, public hearings, and reports from boards, commissions, and councils.
- Receiving input from staff on long range plans, their fiscal impact and the related consequences of decisions. We annually ask each department for input of any problems or opportunities the County may face in the next three years.
- Developing trend analysis of needs and resources. This includes capital projects which ultimately result in operating expenses. The County Executive receives input from the Spending Affordability Committee and the Planning and Zoning Advisory Board.

#### BUDGETING

Review the past:

- Did you meet your targets last year?
- By themselves, measurements do not tell the whole story about program performance, variances of actual performance from planned performance or trends over time do raise "red flags" about problems or opportunities.
- Variances do not per se constitute value judgments about whether the program or its managers performed well or poorly.
- The important point when examining variances is to understand WHY they occurred and what the program can do about them.
- Even a negative result can work to one's benefit if it justifies more resources being allocated to get the job done.

Plan the future – Operational Planning and Control

## COUNTY BUDGET POLICIES / PROCESS

- Probably the most frequent and important use of performance measures.
- Departmental staff are also asked to evaluate program or position requests for possible trade offs / reductions / or elimination; changing service levels; changing the allocation of resources.

Developing a funding level request – must be justified in terms of the delivery of benefits to the clients and the difference the program will make to the community.

### MANAGING

The budget and performance management are not just annual exercises but should be used as management tools throughout the year.

Monitoring throughout the year:

- Assures your program is on course
- Alerts one to any problems as they occur and avoids surprises

Benchmarking:

- Measuring our progress against other locals or even just our own past performance

Year end review:

- To evaluate performance and to set future direction
  - o Are you on target?
  - o Is the program efficient / effective?
  - o Will you need to change more or less resources next year?
  - o Do you need to change how you are doing business?
  - o Do you need to change what you are measuring?

### ACCOUNTING

Accounting is a relationship between those who control or manage an entity and those who possess formal power over them. It requires the accountable party to provide an explanation or a satisfactory reason for his or her activities and the results of efforts to achieve the specified tasks or objectives. This assists citizens both in assessing how well we are doing our job and in making economic, social, and political decisions. Accountability is the paramount objective from which all other objectives flow. Responsibility to the Taxpayers:

- governments and agencies are entrusted with public resources and the authority for applying them, and have a responsibility to render a full accounting of their activities;
- taxpayers generally are involuntary resource providers;
- the amount of taxes individuals pay often seems to bear little relationship to the services they receive;
- often no “exchange” relationship exists between resources provided and services received;
- governments often have a monopoly on the goods and services they provide to the public;
- governments should identify not only the goods and services secured with public resources but also the manner and effect of their application.

Assuring the citizens are satisfied with their government:

- Governments should monitor and evaluate stakeholder satisfaction with programs and services;
- See things from the citizens’ point of view:

## COUNTY BUDGET POLICIES / PROCESS

- It's possible to have a very busy year without making any difference to citizens;
- The public will not be greatly interested in the amount and type of work output information, which is useful to program managers but is not meaningful to the public;
- Citizens want to know how programs are affecting their lives and the quality of life of society. Client benefit / impact and strategic outcome information are more important to them.

### VI **HARFORD COUNTY'S ADMINISTRATIVE FISCAL POLICIES**

#### ○ **LONG TERM FINANCING TECHNIQUES**

- **GENERAL OBLIGATION BONDS** – are also known as full faith and credit bonds, and their quality and payment is based on the general credit and taxing power of the County. The County must take whatever actions are necessary to assure repayment. Such bonds are typically used to finance the capital portion of tax supported, general public purpose governmental activities with schools, libraries, and public safety buildings being the most common uses of bond proceeds.
- **REVENUE BONDS** – unlike general obligation bonds, are payable solely from identified sources of revenue, which may be derived from rates, fees, or charges for service imposed on users of the financed project; tax increments; or specified General Fund non ad valorem tax revenues. Typically these bonds are used for the County owned water and sewer system's activities of treatment, collection, production, and distribution.
- **SPECIAL ASSESSMENT BONDS** – Under law the County may establish assessment districts and issue bonds for infrastructure improvements. The bonds are secured solely by the properties in the district, with revenues generated by a special assessment or tax on the properties.
- **LEASE PURCHASE / CERTIFICATES OF PARTICIPATION** – are obligations of the public entity secured by an installment sale or leaseback arrangement with a public entity lease. The lessee generally pledges general operating revenues to cover the lease payments, which may or may not be reimbursed by revenues from the projects. These obligations do not constitute indebtedness under Maryland constitutional debt limitation. Payments to be made under valid leases are payable only in the year in which use and occupancy of the leased property is available, and lease payments may not be accelerated.

#### ○ **INTERACTION OF FEDERAL, STATE, AND COUNTY GOVERNMENTS**

All enacted laws and regulations imposed by Federal and State legislation must be carefully monitored by County Government to determine the eventual consequence on local expenditure requirements. Although Harford County actively pursues available intergovernmental financing to supplement funding of its programs, it is County policy to review the long-term financial impacts of all such programs to avoid eventual dependence on outside funding sources. It would be imprudent for County Government to rely on continued grant funding of programs that influence the welfare and safety of the community.

#### ○ **SHARING FINANCIAL RESPONSIBILITY**

In an effort to provide and finance all desirable, but discretionary services to our citizens, Harford County Government analyzes its role in the provision of each service and determines the equitable financial burden of payment among taxpayers and users of those services. Harford County Government subsidizes individual consumers to alleviate emergency financial needs, and private providers to ensure the availability of facilities or services to the community. For example, the County through the local Emergency Assistance Program, provides direct payments to clients in need. County Government provides supplemental payments to the Harford Center, Inc., and the ARC –

## COUNTY BUDGET POLICIES / PROCESS

Northern Chesapeake Region, Inc. to compensate for any shortfalls between State funding and the actual costs of providing care to the severely mentally retarded, and multiple handicapped residents in the community.

- **ALTERNATE SERVICE DELIVERY**

Harford County encourages and supports participation by private markets in public service delivery as long as all Government objectives are met, and the economical benefits to the community surpass direct Government involvement. Currently, many services are contracted through the private sector to provide specific programs and activities on behalf of County Government, such as medical and dental consultant services, topographic mapping services, and water quality analysis. Additional requirements contracts have been established for electrical and air conditioning / heating improvements and / or repairs to County buildings. This approach to alternate service delivery eliminates Government replication of services and reduces funding requirements for requisite County programs and activities. Capital project contract management and engineering services have been established as requirements contracts.

- **PRIVATE INVESTMENTS**

Under certain circumstances, County Government encourages private investments in the form of partial or total financial participation, or matching funds, to support programs or projects that would otherwise not be implemented for the public good alone. Examples of this would include developer participation in road construction, water and sewer lines, and lateral extensions. Whenever the costs of public investment are directly related to a private benefit, such as infrastructures in residential developments, County Government will seek to determine equitable limits to cost sharing.

- **DIRECT MATCHING GRANTS**

Where appropriate, County Government provides public funds to private and nonprofit organizations to support activities directly beneficial to the community. An example of such a grant would be the County Government's direct grant to the Harford County Historical Society for support of historic preservation efforts. County Government provides this type of grant assistance if private activity enhances or promotes public welfare, interest, and concern throughout the community.

- **PUBLIC INVESTMENT SUPPORTING PRIVATE INITIATIVES**

In carefully controlled situations, County Government utilizes public funds to promote private enterprise initiatives. If, after thorough analysis and assessment, such investment is deemed beneficial to the social, economic, or environmental climate of the community, direct financing is made available by County Government.

- **PARTICIPATION IN INDUSTRIAL REVENUE BONDS**

Harford County Government is authorized, under provisions of the Internal Revenue Code and the Maryland Economic Development Act, to issue Industrial Revenue Bonds and to participate in financing through the Maryland Industrial Development Financing Authority. Although significant restrictions to such bond issues are imposed, County Government endorses applications for issuance of Industrial Revenue Bonds when development proposals demonstrate positive economic, social, and fiscal advantages to the County's future. Neither the credit nor the taxing power of Harford County may be pledged to the payment of principal, interest, or other costs of such bonds.

- **MULTIPLE USE OF FACILITIES**

Increasing costs of capital investment in buildings and facilities demand optimal use by more than one type of government program or service, consideration of future population trends, and service or program emphasis. County Government requires planning coordination among its departments and agencies, other user agencies, and when appropriate, private user organizations to ensure the functional

## COUNTY BUDGET POLICIES / PROCESS

lifetimes of all such buildings and facilities extend well beyond the current generation. An example of such a multiple use facility would be when the Board of Education builds a new elementary school, the County provides funds to enlarge the school's gym; the enlarged gym is then shared by the school and various Parks and Recreation community groups. Other examples would be the joint Norrisville Library / Community Center and the McFaul Senior / Youth Center.

- **COORDINATED INTERDEPARTMENTAL PROCUREMENT**

Many operating necessities, such as office automation, computerization, and telecommunications are common to all departments and agencies of County Government. Current policy requires interdepartmental coordination and review of procurement requests to ensure compatibility of equipment, reduce duplications, and achieve the greatest cost savings prior to actual purchase. The taxpayers and County Government have obtained substantial benefits and economies through a cooperative procurement policy. The Procurement Department has furnished pre-qualification policies and procedures for construction contracts for capital projects. The County works on joint bids with the Board of Education, Harford Community College, the Harford County Library System, and other governmental agencies when practicable.

- **RETIREMENT PLANS**

COUNTY GOVERNMENT – employees participate in either of two plans; both plans are administered by the State of Maryland under provisions of Article 73B of the Annotated Code of Maryland:

- The Employees' Retirement System of the State of Maryland was established October 1, 1941, with Harford County joining March 1, 1948. Plan Members contribute up to 7% of their covered salary, while Harford County Government is required to contribute at an actuarially determined rate.
- The Employees' Contributory Pension System of the State of Maryland was established January 1, 1980, with Harford County joining on July 1, 1999. Plan members contribute 2% of their covered salary, while Harford County Government is required to contribute at an actuarially determined rate.

THE HARFORD COUNTY SHERIFF'S OFFICE PENSION SYSTEM – is a single employer defined benefit pension trust plan established by Harford County effective July 1, 1997 for certain law enforcement and correctional employees of the Office of the Sheriff of Harford County. Plan members are required to contribute 7% of their annual salary. The County is required to contribute at an actuarially determined rate. The system provides retirement, disability and death benefits to plan members and their beneficiaries. Cost of living adjustments (COLA) are provided at the discretion of the County Council. Harford county Bill No. 97-20 assigns the authority to establish and amend the benefit provisions of the plan to Harford County Government by County ordinance.

The Harford County Council adopted resolution number 20-06 on June 6, 2006, to approve participation in the law enforcement officers' pension system (LEOPS) effective July 1, 2006, for all eligible Harford County's Deputy Sheriffs who are sworn, certified law enforcement officers. As a result, 244 Deputy Sheriffs left the Harford County Sheriff Officer's Pension System and joined LEOPS.

THE VOLUNTEER FIREMEN'S PENSION SYSTEM – was instituted by Harford County Government on January 31, 1975 and is a single employer defined benefit length of service award program (LOSAP). Based on County statutes, firemen and ambulance personnel are eligible to participate upon accumulating "50 (fifty) points", which are determined in accordance with a specific point system. Benefits vest upon 25 years of service credit, and the County must provide annual contributions sufficient to satisfy the actuarially determined contributing requirements. Additional periodic County contributions are determined by an actuarially determined rate. Since there are no

## COUNTY BUDGET POLICIES / PROCESS

“salaries”, the rate cannot be expressed as a percentage of covered payrolls. There are no participant financed benefits in this plan. Administrative costs are financed through investment earnings. The plan generally provides \$1,000 burial benefits and certain benefits for disability. Regular benefits are calculated at \$12 per month for each of the first 25 years of service, plus \$6 per month for each year in excess of 25. The maximum benefit is \$450 per month.

POST RETIREMENT BENEFIT PLANS – In June 2004, the Government Accounting Standards Board (GASB) released Statement 45 which revised the Accounting Standards for Post Employment Benefits Other Than Pensions (OPEB). This standard would be applied to post-retirement medical and life insurance benefits that are both provided to Harford County retirees. Prior to the new standard these benefits were accounted for on a pay as you go basis. The new standard requires that these benefits be accounted for on an accrual basis. The annual cost of OPEB for fiscal year 2008 is \$14,198,000. Harford County has budgeted \$4,126,537 in fiscal year 2008 toward the annual cost. The difference between the annual cost and the budgeted amount will be treated as a balance sheet liability.

- **SELF INSURANCE AND RISK MANAGEMENT**

Harford County has been self-insured for Workers' Compensation, General, and Automobile liability claims since July 1, 1982. The Self-Insurance Program is administered by a Risk Manager, as required by County Code (Part I, Chapter 9, Article XXII, Risk Management, Safety and Accident Review Board). The County implemented a policy of combining commercially purchased insurance with the retention of higher deductible levels, the use of selective self-insurance programs, and the implementation of a risk management program, which includes a county-wide safety program.

WORKERS' COMPENSATION – Harford County carries excess commercial coverage, with a \$350,000 retention level for claims. The County is also required to maintain reserve funds of \$750,000 for workers' compensation claims in accordance with Article 101, Section 16 of the Code of Public General Laws of Maryland.

GENERAL AND AUTOMOBILE LIABILITY – Since September 5, 1991, the County has carried excess commercial coverage, with a \$350,000 or \$500,000 retention for claims.

PROPERTY DAMAGE – The County carries commercial property insurance coverage with a \$25,000 deductible on real and personal property, and a \$25,000 deductible for physical damage to County owned vehicles.

## VII HARFORD COUNTY'S ACCOUNTING POLICIES

- **BASIC FINANCIAL STATEMENTS** – Harford County Government's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.
- 1. GOVERNMENT-WIDE FINANCIAL STATEMENTS – The government-wide financial statements are designed to provide readers with a broad overview of Harford County Government's finances, in a manner similar to a private sector business. As a general rule, the effect of Interfund activity is eliminated from these statements. Exceptions are payments in lieu of taxes and other charges between the water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.
  - a. The statement of net assets – presents information on all of Harford County Government's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position and condition of Harford County Government is improving or deteriorating.



## COUNTY BUDGET POLICIES / PROCESS

- b. The statement of activities – presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

Both of the government-wide financial statements distinguish functions of Harford County Government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Harford County Government include general government, public safety, highways and streets, solid waste, economic development, agricultural land preservation and parks and recreation. The business-type activities of Harford County Government include Water and Sewer operations.

The government-wide financial statements include not only Harford County Government itself (known as the primary government), but also legally separate component units: Harford County Board of Education, Harford Community College, Harford County Library, Harford Center, Inc., and Citizens Care Center. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

- 2. FUND FINANCIAL STATEMENTS – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Harford County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of Harford County Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.
- 3. NOTES TO THE FINANCIAL STATEMENTS – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

- **FUND CATEGORIES**

- 1. GOVERNMENTAL FUNDS – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements. Harford County Government maintain six individual governmental funds:
  - a. THE GENERAL FUND is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the County, the General Fund includes such activities as public safety, education, and recreation services.
  - b. THE HIGHWAYS OPERATING FUND accounts for dedicated revenues that are legally restricted to the maintenance, care, and repair of roads and bridges located outside the boundaries of the three incorporated municipalities in Harford County. This fund also includes Traffic Safety and County-related transportation expenses.
  - c. THE GRANTS FUND accounts for the receipt, appropriation, and expenditure of federal, state, and private monies in accordance with Harford County Charter, Article V, Budget and Finance.

## COUNTY BUDGET POLICIES / PROCESS

- d. THE AGRICULTURAL LAND PRESERVATION FUND accounts for dedicated transfer tax revenues and provides for easement purchases of County agricultural land.
- e. THE CAPITAL PROJECT FUND accounts for financial resources to be used for the acquisition or construction of major capital facilities of all major and non-major governmental funds.
- f. PARKS AND RECREATION FUND is a non-major fund which accounts for the receipts and expenditures of the self-supporting activities of the Emmorton Recreation and Tennis Center, Recreation Councils and/or the Oakington Peninsula.
- 2. PROPRIETARY FUNDS – Harford County Government maintains two different types of proprietary funds:
  - a. ENTERPRISE FUNDS are used to report the same functions presented as business-type activities in the government-wide financial statements. Harford County Government uses an enterprise fund to account for its Water and Sewer activities.
  - b. INTERNAL SERVICE FUNDS are an accounting device used to accumulate and allocate costs internally among Harford County Government's various functions. Harford County Government uses an internal service fund to account for risk management. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.
- 3. FIDUCIARY FUNDS – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Harford County Government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.
  - a. PENSION TRUST FUNDS –
    - i. Sheriff's Office Pension Trust Fund: This trust fund was established to account for the pension of certain law enforcement and correctional employees of the Office of the Sheriff of Harford County.
    - ii. Firemen's Length of Service Awards Program (LOSAP): This trust fund was established to account for the pension system for the volunteer fire personnel serving the various independent volunteer fire companies in the County.
  - b. PRIVATE PURPOSE TRUST FUNDS –
    - i. Revolving Loan Fund: This private purpose trust fund was established in February 1998. This account, joined with funding from several local lending institutions, provides loans to credit worthy businesses unable to obtain financing through traditional sources due to limited equity, collateral, or marginal cash flow. It serves as an alternative incentive offered by the County to attract, expand or retain a small business by extending below market rates and favorable terms.
    - ii. BVL Cooperating Parties Group: This private purpose trust fund was established in September 1996 to account for revenues collected from potentially responsible parties for the purpose of undertaking the design and construction of the remedial systems deemed necessary at the Bush Valley Landfill Site.
    - iii. Bar Library Trust Fund: The Bar Library private purpose trust fund was established in 1999 to account for all expenditures associated with the operations of the Bar Library of the Circuit Court of Harford County. Fines and appearance fees are sources of revenue.
    - iv. Jeffery Chenowith Scholarship Trust Fund: This private purpose trust fund is used to account for principal trust amounts received, and related interest income. The interest portion of the trust can be used to award a scholarship to a qualified individual that the board selects.

## COUNTY BUDGET POLICIES / PROCESS

### ○ **BASIS OF ACCOUNTING**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources. Property taxes, income taxes, state shared tax revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and therefore have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable items are considered to be measurable and available only when cash is received by the government.

### ○ **BASIS OF BUDGETING**

Annual budgets are adopted for the General Fund, Highways Fund, Agricultural Preservation Fund, Parks and Recreation Fund, Capital Projects Fund, Enterprise Fund, Internal Service Fund, Firemen's LOSAP Fund, and the Sheriff's Office Pension Trust Fund. Budgets are not adopted for the remaining private purpose trust funds due to their nature. The Internal Service Fund and the Pension Trust Fund budgets are for management control only. Budgets are adopted using the same basis of accounting as that used for reporting purposes, except for the following:

- Encumbrances are treated as expenditures for budgetary accounting purposes
- Payroll is accrued for financial statement purposes only
- Interfund reimbursements are eliminated for financial statement purposes

The capital budget reflects appropriations for the Capital Projects Fund at the individual project level. Expenditures and encumbrances may not legally exceed appropriations at that level; and, the County Council and the County Executive must approve all transfers of appropriations between projects.

A Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances, Budget (Non-GAAP) vs. Actual is prepared for each governmental fund with an annual budget. These are the General, Highways, Agricultural Preservation and Parks and Recreation funds.

## **VIII HARFORD COUNTY'S BUDGET POLICIES**

Harford County Charter, Article V, Budget and Finance, Section 503 establishes the "Comprehensive Scope of Budget". The section states, "The County budget shall consist of the current expense budget, the capital budget and capital program, and the budget message. It shall represent a complete financial plan for the County reflecting all receipts and disbursements from all sources, including all revenues, all expenditures, and the surplus or deficit in the general fund and all special funds of the County government".

## COUNTY BUDGET POLICIES / PROCESS

### ○ **FUND STRUCTURE**

While Harford County's "Funds" are classified as either Governmental, Proprietary, or Fiduciary for accounting purposes, "Budget Funds" were established to comply with the Harford County Charter, Article V, Budget and Finance, Section 502(b). This defines the term "County funds" to... "mean any monies appropriated or approved by the Council or to which the County may at any time have legal or equitable title".

CURRENT EXPENSE BUDGET – Harford County Charter, Article V, Budget and Finance, Section 506, Contents of the Current Expense Budget (1) requires "a statement of all revenue estimated to be received by the County during the ensuing fiscal year, classified to show the receipts by funds and sources of income" be included in the annual proposed expense budget.

The current expense budget is the County's Annual Operating Budget, it is a work plan for each fiscal year. Harford County has established various "Funds" to record the receipt and application of resources used to conduct government operations. These funds are appropriated, spent, and recorded separately based on legal requirements, their source, or the nature of the program they provide for.

They include:

#### - Operating Funds

- The General Fund – is the principal operating fund for Harford County Government and encompasses all financial resources and activities, not required by law or County policy, to be maintained in another specific fund. Charter Section 523(b) also states "No general fund revenues or receipts shall be dedicated to, expended for, or used to supplement appropriations from a special fund except as a loan to such special fund".
- Solid Waste Services – includes revenues derived from, and expenses incurred for, the County's management of solid waste.
- The Highways Fund – covers dedicated revenues derived from specific taxes, or earmarked by their source, to be used for: the maintenance, care, and repair of roads and bridges located outside the boundaries of the three incorporated municipalities in Harford County; traffic safety; and county-related transportation expenses.

#### - Enterprise Funds

- The Water and Sewer Fund – was established in accordance with Section 522 of the County Charter which requires a "Separate budget for each utility to be included in the current expense and capital budget". The fund covers the operations of the County's water and sewer systems. The systems are financed primarily through charges to customers for services provided.
- The Water and Sewer Debt Service Fund – includes the payment of principal and interest on long-term water and sewer bonds and loans. The debt provides funding for Water and Sewer capital projects. User fees and surtaxes generate the revenue for this fund.

#### - Special Revenue Funds – Two additional funds were established by Harford County on July 1, 2001 in response to the Governmental Accounting Standards Board (GASB) Statement No. 34, which requires certain accounts the County previously treated as Trust & Agency funds, be included in the operating budget as Special Revenue Funds.

- The State Agricultural Preservation Fund – is used to purchase easement rights on agricultural land. Revenue for this fund is derived from a State Agricultural Land Transfer Tax, and County matching funds.

## COUNTY BUDGET POLICIES / PROCESS

- The County Agricultural Preservation Fund – is used to purchase easement rights on agricultural land. Revenue for this fund is derived from: Harford County's Transfer Tax, investment income, and the proceeds from installment loan funds in the County's Agricultural Land Preservation Program.
- Other Funds – An additional fund was established by Harford County in response to the Governmental Accounting Standards Board (GASB) Statement No. 34, which requires certain self-sustaining accounts be included in a local government's operating budget beginning July 1, 2001.
  - The Parks and Recreation Special Revenue Fund – in which revenues generated from fees and rents charged by the Department of Parks and Recreation, for activities of a self-sustaining nature, are used to fund those same activities.

CAPITAL BUDGET AND CAPITAL IMPROVEMENT PROGRAM – Harford County Charter, Section 507, Contents of the Capital Budget and Capital Program, calls for “a statement of the receipts anticipated during the ensuing fiscal year from all borrowing and from other sources for capital projects.”

Harford County's Annual Capital Budget details the phase of each capital project the County has scheduled for that fiscal year. The Capital Improvement Program (CIP) provides the same detail for each of the next five fiscal years. The Capital Budget and the CIP are divided into different project types, based on the nature of the project, the funding source, or which department has responsibility. Project types include:

- General Projects – these include projects funded with County General Fund Paygo, County Bonds, Recordation or Transfer Tax receipts, State, Federal, Developer or “Other” Funds. The projects are the responsibility of the County Administration, Sheriff's Office, Emergency Operations, Volunteer Fire Companies, the Board of Education, Harford Community College, and/or the County's Library System.
- Highways Projects – are funded with County Highway revenues, Federal, State, Developer, and “Other” Funds. The projects include: roads, bridges, resurfacing and other projects which fall under the purview of the County's Department of Public Works.
- Parks and Recreation Projects – are those for which the County's Department of Parks and Recreation is directly responsible. They are funded with Parks and Recreation Special Fund revenues, Recordation Tax receipts, Federal, State, and Program Open Space funds.
- Water and Sewer Projects – encompass any capital improvements or renovations to the County owned Water and Sewer System. In addition to Federal and State funds, the projects are supported with revenues derived from developers and system customers. County General Funds are not used for these projects

The various “Funds”, used to record the receipt and application of resources for these projects, are appropriated, spent, and recorded separately based on legal requirements, the source, or the nature of the project they provide for. They include:

### Capital Funds:

- Pay-As-You-Go – In accordance with the County's Five Year Business Plan's, Debt Management policies, Paygo will continue to be used for minor renovation and repair projects which have an asset life of less than ten years.
- General Obligation Bonds – Also known as full faith and credit bonds, their quality and payment is based on the general credit and taxing power of the County. The County must take whatever actions are necessary to assure repayment.

## COUNTY BUDGET POLICIES / PROCESS

- Typically, such bonds are used to finance the capital portion of tax supported general public purpose governmental activities with schools, libraries, and public safety buildings being the most common uses of bond proceeds.
- Lease Finance – Arrangements to secure short-term funding for certain renovation/repair projects and equipment purchases.
- Reappropriated – These funds are reallocated from one project to another.
- Program Open Space – These funds are to support recreation opportunities and come from the State of Maryland through the collection of a State Transfer Tax on real property.
- State Aid – State funding to assist Harford County in the financing of various capital projects.
- Recordation Tax – A tax imposed on every instrument of writing recorded or offered for record with the Clerk of Circuit Court (liens, deeds, mortgages, etc.). They are assessed at the rate of \$6.60 per \$1,000 value of the recorded instruments filed with the Clerk of the Circuit Court for Harford County. Of this assessed amount, \$4.40 is dedicated for school debt service first, then new construction, major and capital improvements to existing school facilities, and portable classrooms; \$1.10 is dedicated to an open space land and recreational fund for the purchase of park lands and development of parks and recreation facilities; and \$1.10 is dedicated for water and sewer debt service.
- Transfer Tax – A 1% Transfer Tax on any instrument of writing that conveys title to, or a leasehold interest in, real property. The proceeds are distributed 50% to the County's Agricultural Land Preservation Program, and 50% to fund school site acquisition, school construction, or school debt service.
- Impact Fee – The Maryland General Assembly adopted House Bill 965 (Article 24, Subtitle 10A, Harford County School Construction Financing Section 9-10A-01) in 2004. The bill states, "In general. – The County Council of Harford County, by ordinance, may fix, impose, and provide for the collection of a development impact fee not to exceed \$10,000 for new construction or development...Use of revenues. – The revenues from the special fund may be used only for:
  1. School site acquisition;
  2. School construction;
  3. School renovation;
  4. School debt reduction; or
  5. School capital expense."

On June 10, 2005, the County Council of Harford County, Maryland enacted, as amended Bill No. 05-21 that added Article VI, Public School Development Impact Fee, to Chapter 123, Finance and Taxation, of the Harford County Code. This legislation assures that new development contributes its fair share towards the costs of public schools reasonably necessitated by such new development, and to ensure that new development is reasonably benefited by the construction of new public schools built in whole or part with the proceeds of development impact fees.

The development impact fee was phased in over three fiscal years and assessed per dwelling unit at the following rate:

## COUNTY BUDGET POLICIES / PROCESS

Type of Residential Development	Fiscal Year		
	2006	2007	2008 and after
Single Family Detached	6,000	7,442	8,269
Townhouse / Duplex	4,200	5,148	5,720
All Other Residential (Including Mobile Homes)	1,200	1,473	1,637

There are exemptions made for housing for the elderly and Continuing Care Retirement Communities.

- Developer Contributions – Developer contributions are applied to projects that provide facilities in approved subdivisions, and represent the developer's portion of the cost of the project.
- Other – There are various other funding sources which may become available. When amounts are material, identifiable, and predictable, they are cited as sources of funding in the capital budget.
- **FUNDING SOURCES**
  - GENERAL FUND – The General Fund is the principal operating fund for Harford County Government, and encompasses all financial resources and activities, not required by law or County policy, to be maintained in another specific fund. General Fund appropriations are used primarily to finance the administrative activities of the County Government to provide services to its citizens. In addition, allocations of County funds in support of the Board of Education, the Library System, Harford Community College, the Health Department, some State agencies, plus certain non-profit and / or community programs, are made from the General Fund.
  - Charter Section 523 (b) also states “No general fund revenues or receipts shall be dedicated to, expended for, or used to supplement appropriations from a special fund except as a loan to such special fund”. General Fund revenues are derived from:
    - Property Tax – Properties in Maryland are assessed by the State on a triennial system to establish the value of a property for taxing purposes. Each \$100 of this value, multiplied by a County's tax rate, determines the amount of taxes due. Harford County had not changed its tax rate since 1983:
      - \$2.34 per \$100 of assessed value for all of Harford County
      - \$0.39 per \$100 of assessed value for properties outside the towns
      - \$2.73
  - But the State did change two methods of assessing properties:
    1. On January 1, 2001, State law enacted to implement electric deregulation, changed the assessed value of machinery or equipment used to generate electricity for sale from 100% to 50%.
    2. Previously, Corporate and Personal Properties were taxed at 100% of their assessed value, and Real Property was taxed at 40%. As of 2001, Maryland now assesses Real Property at 100% of its value. So, as not to increase the amount of taxes people were paying, the State worked with each local subdivision to adjust their Property Tax rates. For Harford County the General Fund Property Tax Rate for Corporate and Personal Property remained:

## COUNTY BUDGET POLICIES / PROCESS

\$2.34 per \$100 of assessed value for all of Harford County  
\$0.39 per \$100 of assessed value for properties outside the towns  
 \$2.73

While for Real Property, the rate was adjusted to:

\$0.936 per \$100 of assessed value for all of Harford County  
\$0.156 per \$100 of assessed value for properties outside the towns  
 \$1.092

For FY 06 the County Council approved a \$0.01 reduction to the Property Tax rates. Harford County's General Fund Property Tax Rate for Corporate and Personal Property and Real Property made the following changes:

### Property Tax Rate for Corporate and Personal Property

From:	To:	
\$2.34	\$2.315	Per \$100 of assessed value for all of Harford County
<u>\$0.39</u>	<u>\$0.390</u>	Per \$100 of assessed value for properties outside the towns
\$2.73	\$2.705	

### Real Property

\$0.936	\$0.926	Per \$100 of assessed value for all of Harford County
<u>\$0.156</u>	<u>\$0.156</u>	Per \$100 of assessed value for properties outside the towns
\$1.092	\$1.082	

The Homestead Tax Credit program is a tax relief program originally enacted by the General Assembly in 1977 that requires the counties and municipalities of the state to set up a property tax assessment cap. Harford County has set its Homestead Credit Percentage at 10%. Upon qualification as the principal residence of the homeowner, this credit is automatically processed and is applied to the real property tax bill. By legislative actions, Harford County and the State of Maryland have provided individual citizens and specific organizations with several property tax credits including:

- The Community Association Tax Credit which exempts from property tax liability any real property utilized as a public park, playground, or scenic area, which is owned by a qualifying community or development association.
- An Agricultural Preservation Tax Incentive is a tax credit given to land owners in return for their commitment not to develop their land farm land for a period of time.
- A Solar Energy Tax Credit is a one time per property credit allowed when a solar unit is installed.
- A Business Tax Credit offered to businesses that relocate to, or expand within Harford County.



## COUNTY BUDGET POLICIES / PROCESS

- County Supplemental Homeowner Tax Credit provides a credit on real property taxes for homeowners of all ages who qualify on the basis of gross household income. Bill No. 07-06 is pending approval by the Harford County Council and would establish a County supplemental tax credit to the State Homeowner's tax credit program.
- A Landfill Proximity Tax Credit is provided for residential properties located in close proximity to a County-owned landfill.
- Taxpayer Discounts – Harford County offers discounts to its taxpayers for early remittance of property taxes. Although property taxes are due and payable on October 1<sup>st</sup> of each year, discounts of 1% on July payments and ½% on August payments are granted, while interest is charged on all delinquent taxes beginning October 1<sup>st</sup> at a rate of 1.5% per month until paid. In addition, a 6% penalty for non-payment of taxes by October 1<sup>st</sup> is also imposed.

INCOME TAX – Each county determines their own Income Tax rate which is a percentage of the taxable net income disclosed after additions and subtractions to the Federal adjusted gross income. Maryland collects all Income Taxes, then distributes to each local subdivision its share of the annual revenues. Although Income Taxes are imposed and collected on a calendar year basis, the State distributes the funds to the counties over a 9 month period, spreading Harford County's receipts over three fiscal years. For example, Income Taxes on a salary earned from January 1, 2006 until December 31, 2006, were due to be paid to the State on April 15, 2007. Harford County is sent our share in ten distributions, starting with estimated receipts from first quarter withholdings and estimated payments are distributed in May 2007 through a final distribution in September 2008.

- Licenses and Permits are issued for businesses, construction, renovations, cable TV, pets, and marriages. It is County policy to annually review the cost of issuance incurred vs. the revenue generated. While the County's services will never be self supporting, each review determines whether the fee imposed needs to be adjusted to be more "cost neutral".
- State Shared Revenues – include jury compensation; a civil defense rebate and a differential for Police Services which is determined by the County and the Town's assessable base percentage numbers.
- Appropriated Fund Balance – any excess unappropriated fund balance realized at the end of a fiscal year, above the 5% Unappropriated Fund Balance, maintained by County policy, is appropriated into the next fiscal year's budget, and treated as one time funding for that fiscal year.
- Interfund Reimbursements – certain programs conducted with revenue from one fund, provide support to a program conducted with revenue from another source. Those portions of revenue and / or expenses incurred by the one program, but attributable to another program, are transferred via Interfund Reimbursements.

HIGHWAYS FUND – The Highways Fund is a separate budgetary / accounting entity as required by County Code. It accounts for dedicated revenues that are legally restricted to expenses relating to highways operations and maintenance, traffic safety, and County-related transportation expenses. The Highways Fund's principal sources of revenue are a County Property Tax differential, State Shared Highways User's Tax Revenue, charges for services, and Intra-County revenues.

- Property Tax Revenues – Properties in Maryland are assessed by the State on a triennial system to establish the value of a property for taxing purposes. Each \$100 of this value, multiplied by a County's tax rate determines the amount of taxes due. In addition to County-wide Property Taxes, Harford County Code, Chapter 123, Article I, Section 16 requires the County Council to

## COUNTY BUDGET POLICIES / PROCESS

- levy an additional tax on property outside the city and incorporated towns, that when combined with all other Highway revenues, is sufficient to fund:
  - o Maintenance, care, repair, and construction of roads and bridges outside of the incorporated towns.
  - o All expenses of the County Department of Public Works concerning County highways.
  - o All expenses of the County and / or Sheriff's Office regarding traffic patrol and highways safety.
  - o County-related transportation expenses.

The Code also requires this revenue to be accounted for separate and apart from all other funds. Harford County has not changed the rate (\$0.39 per \$100 of assessed value for properties outside the towns) for this differential since 1983.

However, the State of Maryland did change its method of assessing properties. Corporate and Personal Properties were taxed at 100% of their assessed value and Real Property was taxed at 40%. As of 2001, Maryland now assesses Real Property at 100% of its value. So as not to increase the amount of taxes people were paying, the State worked with each local subdivision to adjust their Property Tax rates. For Harford County, the Highways Fund Property Tax Rate for Corporate and Personal Property remains at \$0.39 per \$100 of assessed value for properties outside the towns. While for Real Property the rate was adjusted to \$0.156 per \$100 of assessed value for properties outside the towns.

- State Shared Highways Users Tax – Motor vehicle fuel tax, motor vehicle registration fees, a share of the motor vehicle titling tax and a share of the corporate income tax are designated by the State of Maryland as Highways User Revenues. The State shares 30% of these revenues with the counties and municipalities to help fund the construction and maintenance of local roads. The distribution to subdivisions is made according to a formula based on locally maintained road mileage and vehicle registrations.
- Charges for Services – These revenues include charges to developers for inspections (mainly of new construction), and technical review of designs and construction drawings of proposed utility installations; review of all proposed County road accesses; signs; and line striping.
- Charges to County Departments – Also included in this revenue category are reimbursements from County departments for costs incurred from First Vehicle Services for work on the County's fleet, and for fuel from County pumps for County-owned vehicles.

WATER AND SEWER OPERATING FUND – The Water and Sewer Operating Fund was established to account for services provided by the Harford County Government owned Water and Sewer Systems.

Harford County Code, Chapter 256-3, declares the County to be a "sanitary district" and that the Department of Public Works Division of Water & Sewer shall exercise control of all publicly owned water, sewerage and wastewater facilities and systems in the County. The County Council is enabled by the Harford County Code, Chapter 256-4 to establish a sanitary sub district and to revise all rates, charges, assessments, or other payments required by or levied by the County.

For the purpose of securing revenue to maintain, repair, and operate its water supply, sewerage or drainage systems, and other expenses, including depreciation allowances, plus interest on and retirement of bonds, the County is authorized by Chapter 256-19 to make various service charges for water, sewer, and drainage service and a charge for water used, and may impose late fees on bills that remain unpaid. The County may also turn off water and levy turn-on and / or turn-off fees; plus upon an owner's request for cessation or installation of service, the County may charge a fee.

## COUNTY BUDGET POLICIES / PROCESS

Per Chapter 256-20, a meter is required to be placed on each water connection to the County's water system. These meters remain the property of the County, and the County can impose a charge for installation of the meter. So enabled by the Code, the County funds its Water and Sewer operations with the following revenues:

- User Charges
  - o Water – In addition to a “Usage Charge” for the amount of water consumed, a Base Water charge is also collected from each billing account, to help in recovering some portion of water and sewer operating fixed costs; and a Fire Flow Ready to Serve charge is levied quarterly on domestic customers. A charge is also placed on all customers when the County's system purchases water from other sources.
  - o Sewer – As with the water system, in addition to a “Usage Charge” for system service, a Base Sewer Charge is also imposed on customers to recoup a portion of water and sewer operating fixed costs. The Base Sewer Charge is collected from each billing account. All sewer customers are charged when the County secures services from other systems. Specific charges are levied on customers in certain areas of the County where the system secures service from other sources. Septic users and haulers are charged a fee, and developers must pay for some pump station operations.
- Service Charges
  - o Tests & Inspections
    - On-site Inspection Fees – charges to developers for inspections, usually in areas of new construction.
    - Water Line Testing – charges to developers for pressure testing the water lines.
    - U&O Reinspection Fees – charges for water and sewer use and occupancy reinspections.
    - Lab Testing Fees – tests of water and wastewater conducted at the request of the County Board of Estimates
  - o Miscellaneous Services
    - Design Review – hourly charges to developers for staff time spent on engineering review of water and sewer plans.
    - Construction Meter Rental – temporary meters for construction water usage from a hydrant.
    - Hydrant Charges – hydrant rental charges and fees for the unauthorized use of hydrants.
    - Job/Shop Repair Orders – charges to customers for installation of service along basic mains, cleaning blockage and repairs, and charges to contractors for equipment repairs.
    - Meter Installations – charges to customers for installing water meters. The rate is based on the size of the meter.
    - Miss Utility – a charge to contractors and developers for location of water and sewer lines.
- Other Charges
  - o Industrial Waste Permits – a fee to industries that discharge a toxic pollutant or require pretreatment of prohibited pollutants.
  - o Interest & Penalties – penalties on late payments, and the interest accrued on them; along with turn-on / turn-off fees.
- General Government Charges
  - o Bad Check Fees – charged on all checks returned for insufficient funds.

## COUNTY BUDGET POLICIES / PROCESS

- Publications – requests for revisions to the County's Master Water and Sewer plan are processed through the County Council twice a year. Any requests for revisions at other times require a processing fee.
- Reproductions – charges to engineers and developers for blueprints of water and sewer plans.
- Tax Lien Certificates – for a \$50 fee a document is furnished to a taxpayer disclosing all assessments, taxes, and other charges outstanding on any parcel of property prior to transfer of ownership.
- Sales of Plans and Specifications – revenue from sale of plans and specifications by the County Procurement Department to prospective bidders on Water and Sewer Operating Fund operations.
- Recovery from Capital Projects – the cost of Water and Sewer salaries, benefits, supplies, materials, and equipment recovered from capital projects.
- Depreciation – add-back on assets acquired with contributed capital.
- Net Assets Appropriated – surplus funds from prior years, used to finance current operations.
- Interest Income – earned on the investment of all idle cash in the Water and Sewer Operating Fund, and on miscellaneous invoices.
- Miscellaneous Revenue – includes sundry fines and forfeitures, the sale of surplus vehicles, and revenues that cannot be otherwise classified.

**WATER AND SEWER DEBT SERVICE FUND** – The Water and Sewer Debt Service Fund provides appropriation authority for the payment of principal and interest on long-term water and sewer bonds and loans. Article V, Section 524 of the Harford County Charter allows the County to incur debt for longer than one year, but not for current operating expenses. All County debt in excess of one year is limited to 30 years after the date of issuance, except debt incurred to finance water, sewer, and wastewater facilities which shall become due not later than 40 years after the date of issuance. These bonds and loans are used to finance the capital projects of the County-owned Water and Sewer System. Revenues for the Water and Sewer Debt Service Fund are derived from:

- **System Capital Charges**

- Connection Charges – These charges are based on a graduated scale of \$450 for sewerage connections, and \$650 for water connections based upon: peak demands of gallons per minute, number of fixture units served at peak demand, the ratio of peak demand to 30 fixture units, and size of the meter. Harford County Code Chapter 256, Article V, Section 44 established these charges. All connection charges must be paid before physical connection to the system or within six months of the date the property is physically benefited.
- Surcharges – Established by Harford County Code Chapter 256, Article V, Section 45.1, surcharges are placed on every water and sewer connection at \$450 per five-eighths inch equivalent area connection charge for water, and similarly \$100 for sewer. Surcharges are to be paid before issuance of a plumbing permit.
- Development Charges – System development charges were established by Harford County Code Chapter 256, Article V, Section 45.2. Water / sewer mains must be deemed operational by the Department of Public Works, and development charges must be paid before issuance of a plumbing permit for connection. These fees are based on each five-eighths inch equivalent area connection charge, and increase by 6% each July 1<sup>st</sup>.

## COUNTY BUDGET POLICIES / PROCESS

- Assessments
  - o Recordation Tax receipts – State law imposes a tax on every instrument of writing recorded or offered for record with the Clerk of the Circuit Court (liens, deeds, mortgages, etc.), at the rate of \$6.60 per \$1,000 of the actual consideration to be paid for property transferred, or of the principal amount of the debt secured. Harford County splits the proceeds from this tax: 2/3 to fund School Debt and / or school construction; 1/6 to fund Parks and Recreation Capital projects; and 1/6 to support the Water and Sewer Debt Service Fund.
  - o Benefit Assessments – Harford County Code, Chapter 256-27 authorizes the County Council, on the recommendation of the Director of Public Works, to establish an annual “benefit assessment” on all properties in the system to pay for construction, purchase, or establishment of water and / or sewer facilities. The Director of Public Works, after obtaining from the County Treasurer the costs of the capital improvements, shall determine the proper assessment to be levied.
  - o User Benefit Assessments – Harford County Code, Chapter 256-45.2 authorizes “user benefit assessments” against all properties which benefited from a connection to County public facilities, to create a fund to pay for the expansion, extension, or reconstruction of the water and / or sewer system. These assessments are to be made for a period of 25 years from the date of connection, and are imposed at a rate of \$70 per five-eighths inch equivalent area connection charge for properties connected to the water / sewer system before December 31, 1991, and \$140 per five-eighths inch equivalent for properties connected after December 31, 1991.
- Biological Nutrient Removal Fee
  - o This fee was added to the County Code Chapter 256, Article V, Section 45.5 to cover the debt payment that the County incurred on capital construction costs to install the biological nutrient removal process at the Sod Run Wastewater Treatment Plant. Sewer system customers are billed each fiscal year based on the customer’s sewer usage. This fee will remain in effect until the total debt service incurred for this project is retired.
- Sanitation Permit
  - o The County Health Department imposes an assessment and requires a permit to install a septic system. The permit fee is collected by the County Department of Inspections, Licenses, and Permits, and the revenue is divided between the Water & Sewer Debt Service Fund and a General Fund account dedicated to the Health Department.
- Capital Surcharges
  - o The Governmental Accounting Standards Board (GASB), the standard setting authority for governmental accounting, introduced a financial reporting model through GASB Statement 34, which requires capital contributions flow through income statement as revenues. This account will be used to record surcharges for a limited number of specific projects as well as any future capital surcharges to be set.
- Investment Income
  - o This account is provided to record interest earned on the investment of all idle cash in the Water & Sewer Debt Service Fund.
- Interest & Penalties
  - o Chapter 256-19 of the Harford County Code imposes penalty assessments on late payment of water and sewer bills, as well as turn on / turn off fees.

## COUNTY BUDGET POLICIES / PROCESS

SOLID WASTE SERVICES – The Solid Waste Services Account records direct revenues and expenses pertaining to the County's management of the disposal of solid waste. Chapter 109, of the Harford County Code, Environmental Control, establishes the County's official Solid Waste Management Plan.

The Charter establishes the County's authority to set and collect fees and other revenue to support solid waste management. Chapter 157 Licenses and Permits delineates a number of Tipping Fees for waste brought to the landfill by either commercial haulers or private citizens.

- Landfill Fees
  - o Tipping Fee – Hauler Fee (Bill 92) – a per ton fee for disposal of Solid Waste
  - o Tipping Fee – for Household Waste – Private vehicles
  - o Disposal Fees – associated with the disposal of tires, batteries, scrap metal and other items
  - o Sale of Compost – as part of the Recycling Program of Harford County, leaves and grass are recycled into compost. The compost is sold at the landfill.
  - o Sale of Mulch – as part of the Recycling Program of Harford County, brush material is chipped and shredded into mulch. The mulch is sold at the landfill.
- Waste-to-Energy Fees
  - o Steam Sales to the U.S. Army
  - o Burning recovered material
  - o Burning Permitted Material
  - o Tire Disposal
  - o Tipping Fee – a per ton fee for disposal of Solid Waste (recycled materials are not charged this fee)
- Other
  - o Refuse License sold by the County
  - o Interest on invoices
  - o General Fund Support – while these activities are mandated by Federal and State regulations, avenues for imposing fees are limited by law and the marketplace. This results in the need for support with General Fund revenues. It should be noted that while Budget Policy defines Solid Waste Services as an individual account for management purposes, the County's financial statements consider it part of the General Fund.

COUNTY AGRICULTURAL PRESERVATION PROGRAM – With the approval of a majority of voters, an amendment to Section 524, Indebtedness, of Article V, Budget and Finance, of the Harford County Charter effective December 3, 1992, was enacted, allowing the County to enter into installment contracts to purchase easements for agricultural land preservation purposes. These purchases are to be primarily funded with a Transfer Tax.

In addition, the County Council, via Bill No. 93-2, enacted that new Article II, Agricultural Land Preservation Program, be added to Chapter 60, Agriculture, of the Harford County Code, effective April 6, 1993, establishing the Harford County Agricultural Land Preservation Program (HALPP) to preserve productive agricultural land and woodland which provides for the continued production of food and fiber for

## COUNTY BUDGET POLICIES / PROCESS

the citizens of the County. The program is administered by the Department of Planning and Zoning and the Harford County Agricultural Advisory Board.

The Harford County Agricultural Land Preservation Program allows land owners to preserve productive farmland for future generations through the use of conservation easements; in addition, the land owner receives payment for selling their development rights and / or a tax credit.

- County Transfer Tax – The Maryland General Assembly enacted House Bill No. 1481 effective July 1, 1992, authorizing the Harford County Council to impose a Transfer Tax. Subsequently the County Council enacted Bill No. 93-3 to add new Article IV, Transfer Tax to Chapter 123 of the Harford County Code, which imposes a 1% Transfer Tax on any instruments of writing that convey title to, or a leasehold interest in, real property, effective July 1, 1993. The proceeds are to be distributed 50% to the County's Agricultural Land Preservation program and 50% to fund school site acquisition, school construction, or school debt service.
- Proceeds from Installment Loans – Proceeds from Installment Loans are not cash, but an accounting requirement. When the County enters into an Installment Purchase Agreement (IPA) with a land owner, the terms of the contract are set for the total price, the length of the agreement, and the fixed interest rate at which annual payments are to be made. The IPA's range in length from 10 to 20 years, with the interest and a small portion of the principal being paid each year. At the end of the term the land owner receives a lump sum payment for the remaining portion of the principal.  
For accounting purposes, the County books the value of the IPA's that are anticipated to be initiated during the fiscal year. Though the County will not own the properties until the end of the contract, we do realize the value of ensuring that the farmland will be preserved throughout the term.
- Other – Investment Income and Fund Balance Appropriated

STATE AGRICULTURAL PRESERVATION PROGRAM – The Maryland Agricultural Land Preservation Foundation (MALPF) was created in 1977 by the Maryland General Assembly to preserve productive agricultural land and woodland, via the Purchase of Development Rights (PDR), to provide for the continued production of food and fiber for all citizens of the State. Farmland was also intended to help curb the random expansion of urban development.

MALPF, along with the Maryland Department of Planning, co-administers the Certification of Local Agricultural Land Preservation Programs. MALPF is mainly funded with:

- *Maryland State's Property Transfer Tax* – Harford County receives a portion of the State's Property Transfer Tax, which is assessed on all real property transfers.
- *Maryland State's Agricultural Land Transfer Tax* – Maryland imposes a State Agricultural Land Transfer Tax on all transfers of title on agricultural land taken out of production. Local subdivisions are required to collect the revenue generated by this tax; these funds are then shared with the local as follows:
  - o Maryland counties, without Certified Agricultural Land Preservation Programs are required to remit two-thirds of the revenue to MALPF. They retain one-third for agricultural land preservation purposes.

## COUNTY BUDGET POLICIES / PROCESS

- Counties that have a Certified Local Agricultural Land Preservation Program may retain 75% of the Agricultural Transfer Tax collected, for preservation purposes, and are required to remit only 25% to the Foundation. Harford County has a certified program.

**PARKS & RECREATION SPECIAL FUND** – Prior to FY 02, revenues and expenses related to the self-supporting activities of the Emmorton Recreation and Tennis Center, Recreation Councils, and / or the Oakington Peninsula were accounted for as a Trust Fund. This changed when the Governmental Accounting Standards Board (GASB), the standard setting authority for governmental accounting, introduced a financial reporting model through GASB Statement No. 34, which requires Trust Funds be used only for private purposes, pensions and investments. These Parks and Recreation activities no longer qualified as a “trust” under GASB No. 34, nor did they meet the standards of the Operating General Fund, since their revenues and expenses are dedicated solely to supporting their own programs. Therefore, a Special Revenue Fund was established by Council Bill No. 00-64, effective March 20, 2001. The fund’s revenues are:

- *Charges for Service:*
  - Emmorton Recreation & Tennis Center fees, rentals and contributions
  - Skateboard Facility at the McFaul Senior / Youth Center fees
  - Showmobile / Stage Rentals – a mobile stage is rented to recreation councils for non-profit and for-profit organizations
  - Recreation Councils / Special Activities – all revenues generated by the sale of amusement park discount tickets, baseball and basketball tournaments, lacrosse and wrestling summer camps, etc.
  - Rental of and/or contributions to Oakington Peninsula – a rental of tenant houses, farms or facilities at Swan Harbor and / or Oakington Farm
- *Other:*
  - Fund Balance Appropriated – At the end of some fiscal years, this fund will have a revenue surplus, due to either spending less than budgeted, or generating more money than anticipated. The surplus will be appropriated to the next fiscal year.
  - Capital Project Debt Service Payment – County Tax dollars are not used to support this Special Revenue fund, State Program Open Space capital funding was used to cover the principal and interest payments on the Debt Service incurred to acquire the Emmorton Recreation and Tennis Center. The funds were appropriated to the capital project, then expended to become an Intra-County revenue to the operating budget.
  - Miscellaneous Revenue – Since the activities budgeted to this fund are self-supporting, they can only spend what moneys they actually generate. This provides these functions appropriation authority to accept and spend unanticipated revenues.

### **HARFORD COUNTY'S BUDGET PROCESS**

Starting in Fiscal Year 1997, Harford County incorporated Performance Based Management into our Budget Process. Each Administration determines its Vision for Harford County, develops its Mission Statement, and establishes its long term Goals. Reaching those goals is paramount in making decisions for managing current and future resources. To this end, the Budget Process includes elements of the County’s Five-Year Business Plan as follows:



## COUNTY BUDGET POLICIES / PROCESS

### **I. DETERMINING CURRENT AND FUTURE RESOURCES AND EXPENSES**

- a. **REVENUE ESTIMATING AND LONG RANGE FORECASTS** – Revenue estimates are made annually by objective, analytical processes that are appropriate to fund type. Revenue projections, for the next three years, are updated annually. As part of this annual process each existing and potential revenue source is re-examined. In addition to staff making revenue estimates, starting in Fiscal 1993, a Spending Affordability Committee is appointed each year by the County Executive, to estimate projected growth in Income and Property Taxes for the upcoming fiscal year, and to recommend levels of new debt authorization, fund balance, retained earnings and retail sales, and real estate; a representative from one of the Employee Unions; and an Ex-Officio member who is also one of the County's contracted financial advisors.

### **II. THREE-YEAR EXPENDITURE PLAN**

- a. Both operating and capital expenditure projections, for the next three years, are updated annually. Projections also cover the estimated operating impact of future capital improvements that are scheduled in the Capital Improvement Program. These estimates include the applicable debt service. Harford County is committed to the conservative policy of spending only what we can afford. We will only incur debt when we are confident that sustainable resources will be available to retire that debt.

### **III. INCORPORATING THE STRATEGIC PLAN**

- a. In addition to current and future basic operational obligations, we must also recognize those expenses, to be funded for the upcoming year and committed to future budgets, which work towards meeting the Administration's short term objectives and reaching their long term goals. Any changes that have been made to the County's Master Plan during the current fiscal year are also analyzed to determine what, if any fiscal impact they will have on Harford's finances.  
Since Fiscal Year 1997, each Administration has conducted an initial Strategic Planning Session to determine its Vision, Mission, and Goals. Throughout their terms, each County Executive has held periodic work sessions to reaffirm their Vision and Mission, and to re-evaluate and/or redesign their goals. Each agency funded by Harford County has been charged with developing their own Mission Statements and Goals, in support of the County's Overall Vision, Mission, and Goals. In addition, the departments had to establish short term Objectives to meet their Goals.  
During the summer months the departments are required as part of the Annual Budget Process, to revisit their Goals and Objectives. Once it is determined to either maintain existing, or develop new Goals and Objectives, they must evaluate existing, or set up new Performance Measures to quantify their success at meeting their Objectives. This exercise then leads to each Department Head developing his work plan for both the upcoming fiscal year and the future. The personnel, ancillary, and operating expenses needed to carry out this work plan become the department's base budget request for the next fiscal year. The departments submit their Goals, Objectives, and Performance Measures along with their base budget request to the Budget Office. With the County-wide Goals in mind, the budget staff evaluates both those measures and the departments' funding requests.

## COUNTY BUDGET POLICIES / PROCESS

### III THE ANNUAL OPERATING BUDGET PROCESS

**Late August**

Expense estimates from Budget Office  
Revenue estimates from Treasury

Spending Affordability  
preliminary revenue estimates

Executive  
establishes base  
budget guidelines

Board of Education, County Libraries &  
Harford Community College provide  
preliminary request information

**September**

**October**

Spending Affordability Committee  
makes revenue growth  
recommendations

Departments, Board of Education,  
County Libraries & Harford Community  
College submit Operating & Capital  
requests, plus goals, objectives &  
performance measures

Budget Office & Treasury make  
expense and revenue  
recommendations

**January**

Executive holds a public hearing  
for citizen input on the budget

Executive holds departmental hearings on  
budgets and performance plans

**April 1**

Executive's Proposed Budget  
submitted to Council and published for  
the public

County Council conducts budget  
hearings for County Departments  
& Agencies, Board of Education,  
County Libraries & Harford  
Community College

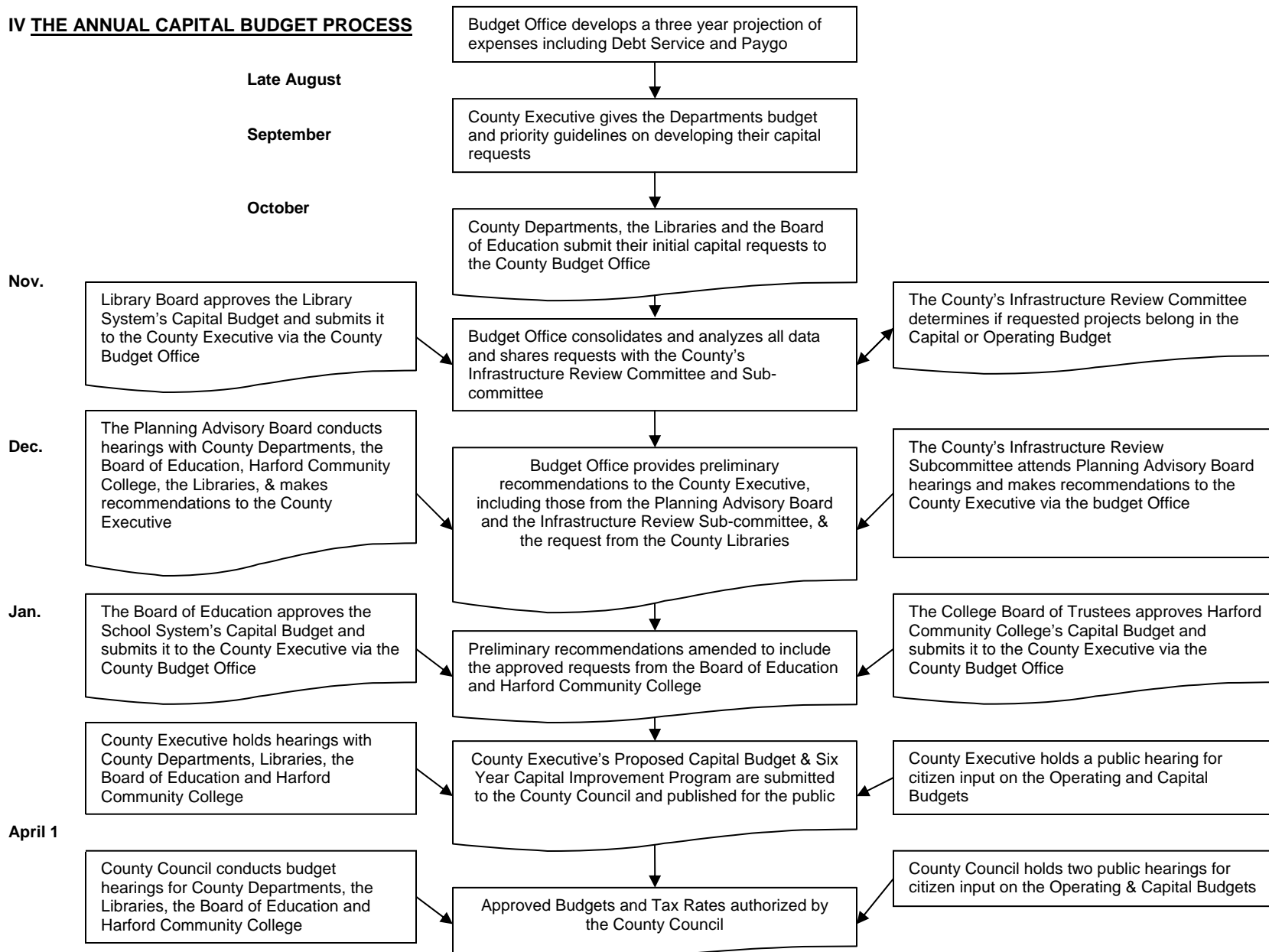
County Council holds public hearings for  
citizen input

**By May 31**

Approved Budget authorized & Tax  
Rates set by the County Council

## COUNTY BUDGET POLICIES / PROCESS

### IV THE ANNUAL CAPITAL BUDGET PROCESS



## COUNTY BUDGET POLICIES / PROCESS

### **V DEVELOPING THE BASE BUDGET**

Although there is an annual Budget Process, the development of each year's budget is based on the strategic plans, fiscal policies, and management techniques adopted by the Administration, plus the knowledge of available revenues and obligated expense estimates.

- **LATE AUGUST** – The Spending Affordability Committee makes its initial revenue estimates for the upcoming fiscal year. Board of Education, Harford Community College, and Library System staff provide the County Budget Office with preliminary, and unofficial, funding request information. Certain County departments provide the Budget Office with projected cost increases for some specific expenses for the upcoming year. Human Resources estimates the cost of Health Benefits; Procurement projects percentage growth rates for electricity and fuel; and Risk Management and Treasury determine any needed adjustments to Workers' Compensation, Pension, and Insurance rates.
  - **SEPTEMBER** – With this data, the Budget Office and Treasury complete expense and revenue estimates for the upcoming budget and subsequent two fiscal years. These projections are shared with the County Executive and the Director of Administration, who then establish base budget guidelines. These include what objectives are to be funded, and whether to budget for the current costs of doing business or to cut back certain types of expenditures. A Budget Kick Off Meeting is held, where the County Executive explains these guidelines to all Department Directors and their fiscal staff.
  - **OCTOBER** – The Spending Affordability Committee meets to re-evaluate / revise its initial revenue estimates. The Board of Education, the Community College, and the Library System are in the first phases of preparing their budgets for the upcoming year; and their staff keeps the County Budget Office apprised of any changes to their original information. Treasury starts to track actual vs. budgeted receipts for the current year, and may revise or reaffirm their initial revenue estimates for the upcoming fiscal year. All County departments and agencies and the Superintendent of Public Schools submit their operating and capital budget requests for the upcoming fiscal year to the County's Budget Office.
  - **NOVEMBER** – The Library Board approves the system's operating and capital requests for the upcoming fiscal year; these are then submitted to the County Executive for consideration. Capital Budget requests are shared with the County's newly established Infrastructure Review Committee. This committee has two charges; first they are to develop a master inventory of all County facilities, owned or leased, and to complete a profile of each which includes details such as square footage, date of purchase, lease terms, geographic location, occupants, etc. Our Facilities and Operations Division will complete a systems analysis of each facility in the inventory including mechanical units, HVAC, roofing, etc. This information will be coupled with the other inventory data to provide a comprehensive overview of our sites. The committee's second charge will be part of the County's annual Capital Budget Process. Once the Budget Office forwards its list of initial requests for the upcoming year, this committee will review each project and determine if it should be considered capital or if it is something that could be managed through the Operating Budget. Treasury will also at that time provide the committee with a list of all existing capital projects. Each department will be sent the portion of the list for which they are responsible. They are to report back to the committee the status of each project, and if any are complete, determine if they could be closed, with the remaining funds returned for appropriation to a future project.
- In light of available revenues, the Master Plan, the Administration's goals, and operating expenses, the Budget Office analyzes all requests and pertinent data and compiles the preliminary County Capital Budget and CIP. Bond funding levels are sent to Treasury where the

## COUNTY BUDGET POLICIES / PROCESS

amounts of principal and interest, necessary to cover existing debt and this newly recommended debt, are computed. These debt service estimates, and the total level of recommended Paygo funding, are incorporated into the Base Operating Budget. Budget Analysts and the Chief of Budget and Management Research are responsible for analyzing the operating requests of, and making funding recommendations for assigned agencies. They need to know each agency's purpose and plans. Prior and year-to-date expenses are reviewed; organizational changes and / or legislated mandates are taken into consideration; and capital project impact on operating expenses are examined. In addition to the information, the Analysts must make funding recommendations in light of the County Executive's goals and guidelines. The budget staff is also mindful of the elements of the County's Five-Year Business Plan especially those concerning the following:

### GENERAL POLICIES

- The County will pay for all current expenditures with current revenues. The County will avoid budgetary procedures that balance current appropriations at the expense of meeting future years' obligations, such as postponing expenditures, accruing future years' revenues, or rolling over short-term debt.
- Expenditures will be reviewed and approved and based on real versus perceived needs.
- Each function, service, project, and expenditure will be reviewed as to its affordability.
- New sources of revenue will be identified and advanced.
- The County shall coordinate the capital improvement budget with the operating budget. Debt service operating costs will be projected and included in the operating budget forecasts.

### MAINTENANCE OF CAPITAL PLAN AND EQUIPMENT

- The budget will provide for adequate maintenance of capital plan and equipment and for their orderly replacement based on the schedule prepared under the capital improvement budget policy.

### FINANCING CAPITAL PROJECTS

- All projects must be funded in accordance with the adopted County debt policy.
- The County will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to the County Council for approval.
- The County will utilize the least costly method of financing all new projects. The Budget Office also researches and takes into account State and Federal legislation and County policies.

LEGISLATION – Various legislative issues need to be considered when making funding recommendations. Such mandates impact Harford County in numerous areas.

- Harford County, in order to receive State funds for our Board of Education, must abide by a "Maintenance of Effort" funding requirement that obligates a local government to provide funding for the upcoming fiscal year in an amount sufficient to provide the same per pupil spending ration for next year as exists in the current year.
- There is also a Maintenance of Effort clause for funding Harford Community College.
- There are environmental mandates that impact our Water & Sewer system and Solid Waste Management activities.

COUNTY POLICY – To be assured we are spending tax dollars efficiently and economically, the County has instituted policies regarding:

- Vehicle Replacement – standards, based on nationally accepted data, have to be met before any county-owned vehicle will be replaced.

## COUNTY BUDGET POLICIES / PROCESS

- Hardware and Software requests must be approved by the Information Systems Division, which verifies the need for and the type of equipment to be purchased. It must be compatible with County systems and supportable by County staff.
- **DECEMBER** – Both the Base Operating and Capital Budgets, as recommended by the Office of Budget and Management Research, are distributed to each department at the end of December. The departments are to review their base budgets and develop any “Above the Mark” requests. These requests are prioritized lists submitted to the County Executive for consideration of funding, should projected revenues for the upcoming fiscal year exceed the base budgets. The County has also established an Infrastructure Review Sub-Committee (IRS) which is made up of the Director of Administration, the County Treasurer, the Director of Planning and Zoning, the Director of Inspections, Licensing and Permits, and the Chief of Budget and Management Research. In addition to serving on the Infrastructure Review Committee, this group has the additional duties of attending the Planning Advisory Board's annual meetings, where they will monitor the Board's review of each department and agency's projects which will be requested for the upcoming year. At the completion of these meetings the IRS will review and rate each project for its consistency with the Master Plan, its estimated cost, and how vital it may be to attaining the Administration's goals and objectives. The inventory master list which will be developed by the Infrastructure Review Committee will also generate a list of systemic issues that need to be addressed. These will be rated by Facilities and Operations in the order of which they need to be attended to. The IRS, in light of available revenues will then recommend to the County Executive those capital projects and those systemic upgrades / replacements it deems appropriate for the upcoming fiscal year. The preliminary County Capital Budget is amended to incorporate the Library's request and the recommendations of the Infrastructure Review Sub-committee. This amended Capital Budget is then provided to the County Executive, the Director of Administration and County Departments. Staff from the County Budget Office and the Department of Treasury meet with the Planning Advisory Board to discuss the County's Capital Budget as it stands at this stage. The Board then submits its recommendations to the County Executive.
- **JANUARY** – The Board of Education approves the School System's Operating and Capital Budgets. The Harford Community College Board approves the College's Operating and Capital budgets. All of these approved budgets are submitted to the County Executive in January.

## VI DEVELOPING THE COUNTY EXECUTIVE'S PROPOSED BUDGET

- **JANUARY THRU MID-MARCH** – Harford County Charter, Section 509 requires that, “Not later than three months prior to the beginning of each fiscal year, the County Executive shall submit to the Council the proposed County budget for that fiscal year.” The process to meet this deadline, starts in January and runs through the middle of March.
  - **Departments** – Hearings are scheduled during January and the first part of February, where the County Executive, the Director of Administration, the staff of the Budget Office, and the Treasurer meet with each Department Head and their fiscal advisors to:
    - discuss the contents of their Base Operating Budget, and how and why it has changed from the current year's funding
    - review each Performance Measure and analyze the department's success in meeting their objectives
    - have the Department Head discuss the merits of their Above the Mark Requests
    - and to identify the grants the department administers, and whether any grants will expire in the upcoming fiscal year
    - review each project included in their Capital Base Budget, discussing its objective, time line and funding sources

## COUNTY BUDGET POLICIES / PROCESS

- **The Public** – In late January, a hearing is scheduled for citizens to address the County Executive as to their concerns and what they would and/or would not like to have incorporated in the upcoming budget.
- **Spending Affordability** – The Spending Affordability Committee, having met a number of times since August, concludes its analysis and makes its final recommendations to the County Executive as to their estimated growth of Property and Income Tax revenues.

Throughout January and early February, while the hearings are being conducted, the Budget Office is maintaining a running list of items that were brought up at the Public Hearing and of the notes made during the departmental hearings. The Treasurer is simultaneously reworking his revenue estimates for the current and the upcoming budgets. The Budget staff combines all of this data into a report for the County Executive. This report contains each detail the County Executive must consider when making his final decisions on the Proposed Budget. The report is broken down by whether the expense or revenue is “On-going” or “One-time” in nature, to guarantee that one-time money will not be used to support an on-going expense.

With this report, citizen’s requests, and with the Spending Affordability Committee’s recommendations, the County Executive, in meetings with the Director of Administration, Budget Office staff and the Treasurer, makes final choices as to what will and will not be proposed for the next fiscal year’s budget.

Once these decisions are made, the Budget Office must incorporate them with the Base Budgets. This is an extremely time consuming process, involving much detail, and utilizing various information system platforms. The Budget Office has put into place numerous checks and balances to assure the accuracy of the Proposed Budget. When a bottom line has been reached, the Budget Office must take all of the information and produce a budget document that meets all County Charter, Governmental Accounting Standards Board, and Government Finance Officer Association requirements, while being easy for the average citizen to understand. The Office also produces a Proposed Budget in Brief for mass distribution to the public and the press. The Annual Budget and Appropriation Ordinance, which is the actual legislation to be presented to the County Council for adoption, is also prepared by the Budget Office.

## VII COUNCIL HEARINGS AND AMENDMENTS

- **APRIL AND MAY** – Harford County Charter, Section 511 requires the Council to conduct at least two public hearings on the Proposed Budget. The Council also conducts hearings with the County Executive and various departments to gather whatever information they need to make their funding decisions. After these hearings, Chapter 512 of the Charter states that “the Council may decrease or delete any items in the budget except those required by the laws of the State or of this County, and except any provisions for debt service on obligations then outstanding or for estimated cash deficits. The Council shall have no power to change the form of the budget as submitted by the County Executive, or to alter the revenue estimates except to correct mathematical errors, or to increase any expenditure recommended by the County Executive for current expense or capital purposes.”

Though the County Council may not alter the County Executive’s revenue estimates, they can decrease or delete other items in the budget and appropriate the equivalent revenue to the Board of Education. The Education Article of the Annotated code of Maryland provides:

“Each county board shall submit an annual school budget in writing to the...county executive....

## COUNTY BUDGET POLICIES / PROCESS

The county executive shall indicate in writing which major categories of the annual budget of the county board have been denied in whole or reduced in part and the reason for the denial or reduction...

The County Council may restore any denial or reduction made by the county executive in the annual budget submitted by the county board."

After the hearings, "Amendments" to the budget as proposed by the County Executive may be offered up for the Council's consideration. These amendments are drafted by either the County Budget Office, or the Council legislative advisors. Any change to the Ordinance must result in the budget remaining balanced.

### VIII ADOPTION OF THE BUDGET & SETTING THE TAX RATES

- **May 31<sup>st</sup>** – Chapter 512, of the Harford County Charter, goes on to provide that the adoption of the budget must be by the affirmative vote of at least four members of the (seven member) Council, and that the Annual Budget and Appropriation Ordinance must be adopted not later than one month prior to the beginning of each fiscal year. If the council fails to pass the budget accordingly, the proposed current expense budget, as submitted by the County Executive and as may have been amended by the council shall stand adopted. Chapter 514 sets the effective date of the budget, July 1, for Harford County, and Chapter 515 charges the Council to levy and caused to be raised the amount of taxes required by the budget in the manner provided by law so that the budget shall be balanced as to proposed income and expenditures.

### IX TRANSFER OF APPROPRIATIONS

Appropriations in the approved budget may be transferred, but varying levels of authorization are required, based on fund structure:

<b><i>TYPE OF TRANSFER</i></b>	<b><i>REQUIRED LEVEL OF AUTHORIZATION</i></b>
Within the same Fund and within the same Agency.....	County Executive
Within the same Fund but between County Government Agencies .....	Recommended by the County Executive, and Approved by the County Council
Inter-project transfers between capital projects .....	Requested by the County Executive, and Authorized by legislative act of the Council
Inter-fund cash borrowing to meet temporary cash requirements .....	Requested by the County Executive, and Authorized by legislative act of the Council

The County Executive has delegated responsibility for authorizing fund transfers within the same Fund and within the same Agency to the Budget Office.

Transfers within the same Fund but between County Government agencies may be made only during the last quarter of the fiscal year.



## COUNTY BUDGET POLICIES / PROCESS

- X**     **SUPPLEMENTAL APPROPRIATIONS** – Harford County Charter, Section 517 allows that...“During fiscal year, the Council, upon the recommendation of the County Executive, may, by law, make additional or supplementary appropriations from unexpended and unencumbered funds set aside for contingencies in the County budget, from revenues received from anticipated sources but in excess of budget estimates therefore or from revenues received from sources not anticipated in the budget, provided that the Treasurer shall first certify in writing that such funds are available for such appropriations. No supplemental appropriation shall exceed the amount of funds so certified.”
- XI**    **EMERGENCY APPROPRIATIONS** – In the case of a public emergency affecting life, health, or property, upon recommendation of the County Executive, the County Council may, by law, provide emergency appropriations from contingent funds in the budget; revenue received from anticipated sources but in excess of budget estimates; or revenue received from sources not anticipated in the budget for the current fiscal year.  
If such funds are not available, the Council may, by law, authorize the issuance of emergency notes which may be renewed from time to time. Such notes and renewals have to be paid no later than the last day of the fiscal year next succeeding that in which the emergency appropriation was made.
- XII**    **UNEXPENDED APPROPRIATIONS** – All unexpended and unencumbered current budget year operating appropriations revert into the County general fund. Capital project appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned. If three fiscal years elapse without any expenditure or encumbrance of project appropriations, that project is considered abandoned. Credit balances from completed and / or abandoned projects are available for appropriation in subsequent capital budgets.
- XIII**   **AMENDING THE ADOPTED CAPITAL BUDGET** – Harford County Charter, Section 521 states...“No obligations of the County shall be authorized in any fiscal year for or on account of any capital project not included in the County budget as finally adopted for such year, provided that upon receipt of a recommendation in writing from the County Executive, the Council may after a public hearing and with the affirmative vote of at least five of its members amend the County budget. The Council may increase the total amount of appropriations for a County capital budget only if the increased appropriations are to be funded from revenues received from anticipated sources but in excess of budget estimates therefore or from revenues received from sources not anticipated in the budget.”



***Susquehanna River***

# HARFORD COUNTY

## VISION

~ PRESERVING HARFORD'S PAST; PROMOTING HARFORD'S FUTURE ~

## MISSION STATEMENT

Harford County Government will preserve our traditions and promote the highest quality of life through efficient, honest, and responsive service to all citizens while planning for a prosperous and secure future.

## GOALS AND OBJECTIVES FOR HARFORD COUNTY

### ***I. Public Safety - To provide public safety services to Harford County in order to produce a safe and secure place to live, work, or visit.***

- o Provide opportunities for community partnerships which will strengthen communication and cooperation with law enforcement.
- o Reduce crime by providing attractive alternatives to gang membership and drug use.
- o Increase public safety staffing and facilities to provide adequate capabilities to meet service demands.
- o Employ advanced and superior technology to improve response capabilities, provide for back-up systems, and foster the exchange of information between service providers.
- o Plan, practice, and coordinate strategies between local and regional responders and create programs to educate the public to be prepared for emergency and disaster events.

### ***II. Education - To invest in our future by promoting the availability of quality academic programs and technical skill opportunities for lifelong learning.***

- o Plan, fund, and build public educational facilities that provide positive and supportive environments for students, faculty, and staff.
- o Ensure workforce development opportunities by strengthening existing liaisons and creating new partnerships among government, industry, and educational communities.
- o Encourage the Board of Education to draw from the attributes found in each community to guide a curriculum focused on specific educational pursuits including magnet programs.
- o Cultivate relationships with regional post secondary institutions to encourage development of a four year college program within Harford County.
- o Encourage private industry to build one-on-one relationships with schools and youth organizations that will help create prospective community leaders and a strong future employee pool.

# HARFORD COUNTY

## GOALS AND OBJECTIVES

### ***III. Efficient County Government - To utilize best practices to provide responsive, efficient, and effective services to citizens, businesses, and governmental agencies.***

- o Increase public confidence through cost effective and customer focused essential services.
- o Coordinate with other governmental agencies to prevent overlap and excessive costs as well as maximize efforts to deliver superior service.
- o Encourage and expand interfaces between County government and its citizens to provide responsive and fair customer service.
- o Establish a 10 year master plan that promotes responsible stewardship of County assets and utilizes a comprehensive approach to identify and prioritize funding for Capital Improvements and projects based on balancing and maintaining a consistent level of service to our citizens.
- o Develop strategies that will inform the public about County government, operations, and services.
- o Aggressively pursue innovative funding sources and opportunities to maximize cost effectiveness.

### ***IV. Growth Management - To facilitate balanced and appropriated growth that provides for economic development, preservation of open space, and adequate public facilities / services in accordance with the approved Master Plan.***

- o Maintain the integrity of the growth management strategy by focusing our development within our designated growth areas.
- o Establish incentives to encourage redevelopment and revitalization of existing communities.
- o Maintain a balance of residential and non-residential development.
- o Identify additional opportunities and incentives for the preservation of agricultural properties and open space.
- o Develop a strategic plan with providers of non-governmental essential services to ensure future needs are met.

# HARFORD COUNTY

## GOALS AND OBJECTIVES

***V. Environmental Stewardship - To protect and preserve the County's environment through the efficient use and reuse of its resources.***

- o Cultivate policies that stress soil conservation and help restore and sustain water and forest resources in order to maintain a high quality of life for the people of Harford County.
- o Provide a comprehensive waste management program that protects human health, promotes energy recovery, and minimizes impacts to the natural environment.

***VI. Infrastructure - To provide adequate public infrastructure to meet current and future needs of citizens and businesses.***

- o Develop a 10 year plan for construction and maintenance of police and emergency management facilities, water and wastewater services, and state-of-the-art, publicly accessible government buildings.
- o Provide a comprehensive, safe, and efficient multi-modal transportation network that guarantees the mobility of people, goods, and services.

***VII. Quality of Life - Promote opportunities that allow citizens to meet essential needs and to assist in the development of life enhancing amenities that support personal growth, community spirit, and leisure.***

- o In partnerships with community based organizations government agencies will build, operate, and maintain facilities and resources that encourage citizens to be self reliant.
- o With a focus on managing growth, guide the continued creation of safe, adequate, and diverse housing stock that ensures equal opportunity and the availability of decent and affordable accommodations.
- o Encourage the growth of community spirit through the use of revitalization projects and create avenues for neighborhoods to meet and discuss common concerns and goals.
- o Provide a diversified menu of leisure opportunities and facilities to address the current needs and future expectations.

# HARFORD COUNTY PERFORMANCE MEASURES

After reviewing our Performance Based Management system, which was instituted in 1996, it was found that our measurements were portraying an incomplete picture of the County's efforts. The analysis showed that over 40% performance measures were output oriented.

A good performance measurement system should provide accurate information as to how well we are progressing towards accomplishing the County's mission, goals, and objectives. These systems should answer the following questions: what is being achieved; how efficiently was the work performed; and whether or not citizens were assisted and satisfied.

Therefore, beginning with the FY 07 Budget, Harford County will continually be in the process of revising its performance measurement system. Our goal is to provide a comprehensive overview of our performance from multiple perspectives, encompassing the "family of measures" concept.

As you will see throughout this budget document, we are still in the early stages of developing this new technique. This new technique is a starting point and as our experience and understanding grows, we will continue to expand and improve on the "family of measures" concept.

A "family" of measures includes the following:

**Input** - Value of resources used to produce an output.

**Output** - Quantity or number of units produced. Outputs are measurable.

**Efficiency** - Inputs used per unit of output (or outputs per input).

**Service Quality** - Degree to which customers are satisfied with a program or how accurately or timely a service is provided

**Outcome** - Qualitative consequences associated with a program / service, i.e., the ultimate benefit to the customer. Outcome focuses on the ultimate "why" of providing a service.

### Matrix of Primary County Goals by Department

The following table reflects which departments are responsible for supporting the FY 08 County goals. Please refer to the Budget details of each department to see specific goals and objectives.

Department	I. Public Safety	II. Education	III. Efficient County Government	IV. Growth Management	V. Environmental Stewardship	VI. Infrastructure	VII. Quality of Life	Department	I. Public Safety	II. Education	III. Efficient County Government	IV. Growth Management	V. Environmental Stewardship	VI. Infrastructure	VII. Quality of Life
Administration			X					Emergency Services	X		X				
Procurement			X			X		Inspections, Licenses & Permits	X						
Treasury			X					DPW - Office of Director						X	
Law			X					DPW - Engineering & Construction			X			X	
Planning & Zoning		X	X	X				DPW - Water & Sewer			X			X	
Human Resources			X					Judicial	X						
Community Services	X	X	X			X	X	State's Attorney	X						
Handicapped Care Centers							X	Elections			X				
Health	X							Library		X					X
Office of Governmental & Community Relations			X					Parks & Recreation				X			X
Housing			X				X	Conservation of Natural Resources	X	X			X		X
Sheriff	X							Economic Development				X			



***Flowering Dogwood***  
***Official Harford County Tree***



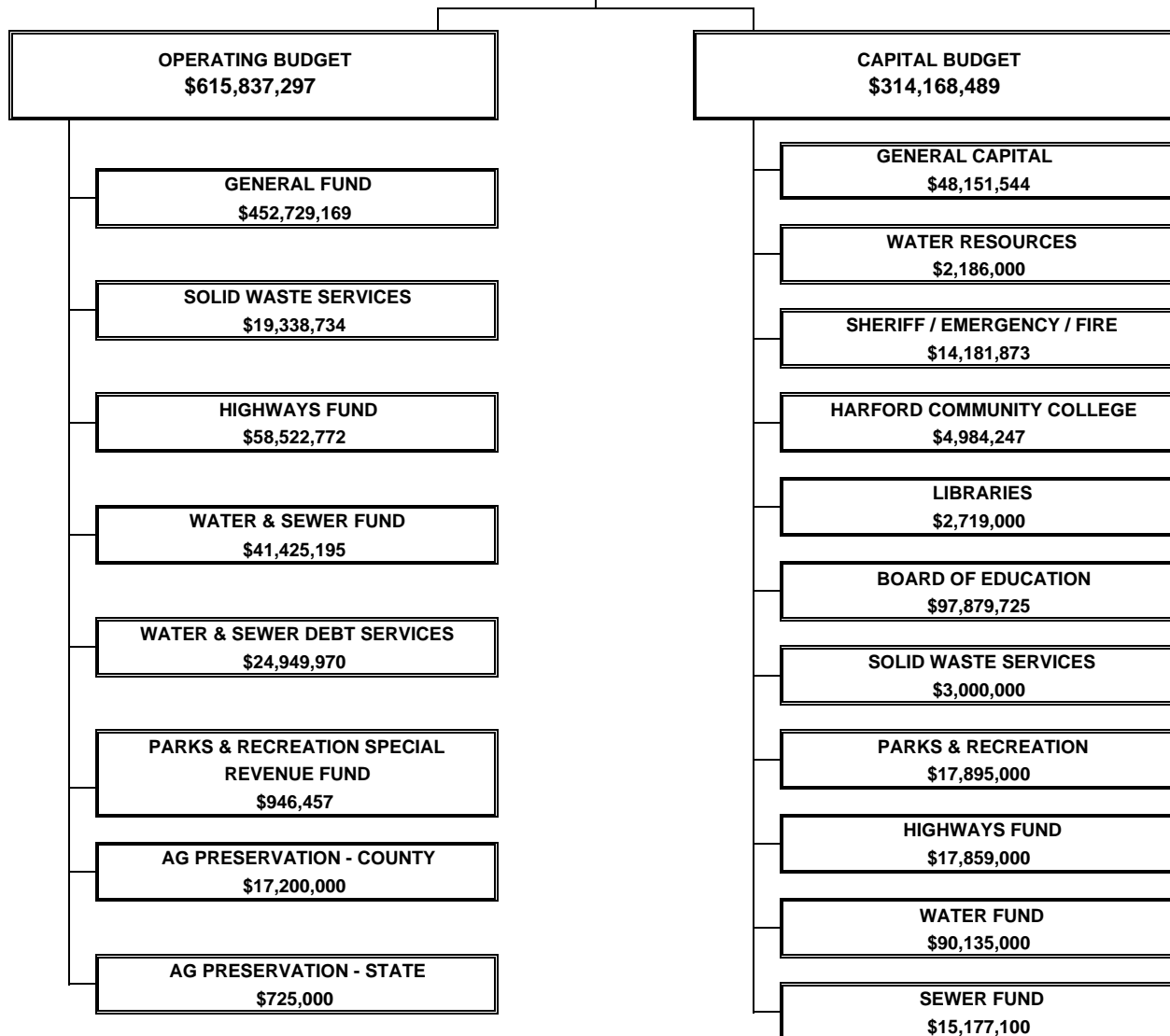
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*Harford County Administration Building*

<b>HARFORD COUNTY</b> <b>TOTAL FY 08 APPROVED BUDGET ALL FUNDS</b> <b>\$930,005,786</b>
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## HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY

Although there is a standardized "Annual Budget Process," the development of each year's budget is based on: current and projected economic conditions; the wants of our citizens; plus operational needs and mandates, coupled with the strategic plans, fiscal policies and management techniques adopted by the Administration.

Though a number of our revenue streams have been affected over the past few fiscal years by various outside forces like a national economic slowdown, declining stock markets, low interest rates, and increased unemployment, through prudent fiscal management, Harford County has remained fiscally stable. While developing the FY 08 operating and capital budgets we maintained our fiscally conservative policy and made funding decisions based on a thorough analysis assuring a sound revenue structure, utilizing the most effective and economical means of conducting business, and promoting economic development to expand the County's tax base.

### **REVENUES**

#### **ALL FUNDS**

FY 08 Approved Budget	615,837,297
FY 07 Approved Budget	555,548,235
\$ growth	60,289,062
% growth	10.85%

#### **FUNDING SOURCE**

GENERAL	452,729,169
HIGHWAYS	58,522,772
PARKS AND RECREATION	946,457
AG PRESERVATION - COUNTY	17,200,000
AG PRESERVATION - STATE	725,000
WATER & SEWER OPERATING	41,425,195
WATER & SEWER DEBT SERVICE	24,949,970
SOLID WASTE SERVICES	19,338,734
<b>FY 08 TOTAL ALL FUNDS</b>	<b>615,837,297</b>

#### **REVENUE SOURCE**

PROPERTY TAXES	243,245,127
INCOME TAXES	170,297,559
W & S USER CHARGES	22,027,677
WASTE TO ENERGY PLANT	11,326,400
W & S DEBT SERVICE	10,438,386
INTERGOVERNMENTAL/STATE-SHARED	53,826,422
INVESTMENT INCOME	10,376,550
FUND BAL APPROP / UNRESTRICTED NET ASSETS	64,598,789
OTHER REVENUE	29,700,387
<b>FY 08 TOTAL ALL REVENUES</b>	<b>615,837,297</b>

## HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY

A more in depth discussion of individual revenue streams can be found in each "Fund" Section of the document; however, significant increases to five specific funding sources are major factors contributing to the overall growth of the FY 08 All Funds Operating Budget.

For FY 08, Property and Income tax revenues are estimated to generate 67.2% of the total of all revenue.

### **Property Taxes**

FY 08 Approved Budget	243,245,127	39.50% of the Total All Funds FY 08 Operating Budget
FY 07 Approved Budget	220,305,796	39.66% of the Total All Funds FY 07 Operating Budget
\$ growth	22,939,331	
% growth	10.41%	

Property Tax revenue estimates are based on a thorough analysis of lien sheet activity, deed activity, building permit data, residential sales, Transfer Tax transaction data, and Maryland State Department of Assessments and Taxation Distribution Tracking Information.

Maryland State law provides that all property is subject to the property tax. Properties are reassessed by law once every three years and property owners are notified by the Maryland State Department of Assessments and Taxation of any change in their assessment. Properties are required to be assessed at their current market value so that each property owner pays their fair share of local property taxes.

Low mortgage interest rates have led to an increased demand for residential real estate that has outpaced supply through the early part of Fiscal Year 2007. This in turn resulted in rising real estate values and reassessments for the past several fiscal years.

### **Income Taxes**

FY 08 Approved Budget	170,297,559	27.65% of the Total All Funds FY 08 Operating Budget
FY 07 Approved Budget	161,304,138	29.04% of the Total All Funds FY 07 Operating Budget
\$ growth	8,993,421	
% growth	5.58%	

In preparing our FY 08 estimates, Income Tax receipts were continuing to show a strong growth over last year. The County is experiencing excellent job growth locally and the regional employment picture has brightened. Estimated payments have grown and capital gains from real estate sales are expected to return to normal as the housing market has slowed. All of these factors provide for the continuation of improving income revenue growth estimates for Fiscal Year 2008.

## HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY

### State Highway User Tax

FY 08 Approved Budget	14,777,392	2.40% of the Total All Funds FY 08 Operating Budget
FY 07 Approved Budget	15,304,700	2.75% of the Total All Funds FY 07 Operating Budget
\$ growth	(527,308)	
% growth	-3.45%	

Motor vehicle fuel tax, motor vehicle registration fees, a share of the motor vehicle titling tax and a share of the corporate income tax are designated by the State of Maryland as Highways User Revenues. The State shares 30% of these revenues with the counties and municipalities to help fund the construction and maintenance of local roads. The distribution to subdivisions is derived from a formula based on locally maintained road mileage and vehicle registrations.

Due to increased fiscal problems, the State reduced the counties share of Highways User Revenues in FY 04 for a loss of over \$3.9 million to Harford County. In FY 05, Harford County realized a return to a level about the same as in FY 03. FY 08 an expected decrease in the highway user fee due to the increased price of gasoline causing a reduction in the motor vehicle fuel tax portion of the revenue source.

### Recordation Tax

FY 08 Approved Budget	20,659,414	3.35% of the Total All Funds FY 08 Operating Budget
FY 07 Approved Budget	14,543,916	2.62% of the Total All Funds FY 07 Operating Budget
\$ growth	6,115,498	
% growth	42.05%	

State law imposes a tax on every instrument of writing recorded or offered for record with the Clerk of the Circuit Court (liens, deeds, mortgages, etc.), at the rate of \$6.60 per \$1,000 of the actual consideration to be paid for property transferred, or of the principal amount of the debt secured. Harford County splits the proceeds from this tax: 2/3 to fund school debt and/or school construction; 1/6 to fund Parks and Recreation capital projects; and 1/6 to support the Water and Sewer Debt Service Fund.

With lower interest rates on mortgages, both home sales and refinances have increased in volume and value. This has led to a large increase in Recordation Tax Revenue.

## HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY

### **Investment Income**

FY 08 Approved Budget	10,376,550	1.68% of the Total All Funds FY 08 Operating Budget
FY 07 Approved Budget	8,681,195	1.56% of the Total All Funds FY 07 Operating Budget
\$ growth	1,695,355	
% growth	19.53%	

Income from investments are adjusted for FY 08 to align with actual receipt history and an anticipated growth in interest rates.

### **STRATEGIC PLANNING**

For Harford County, Strategic Planning is not just a function of budgeting, but a multi-faceted approach to resource management designed to maintain the County's quality of life, while preparing for our future. The County's Master Plan and the Administration's goals are the basis on which Performance Management and Budgets are built. Short range plans and objectives are considered in light of available resources, compatibility with the Master Plan, and their contribution towards the Administration's Goals.

### **MASTER PLAN**

Harford County Charter, Article VII, Planning and Zoning, calls for the Department of Planning and Zoning to prepare and propose Master Plans from time to time. Such plans may be initiated by order of the County Executive or by legislative act of the Council. Master Plans provide direction for addressing future growth, revitalization, the provision of adequate public facilities, economic development and the preservation and protection of natural resources, agricultural lands and historic resources.

## **HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY**

Our latest Master Plan incorporates a number elements:

A LAND USE ELEMENT PLAN - shows proposals for public, private, residential, commercial, industrial, agricultural and recreational uses of land.

The Land Use Element Plan includes an additional implementation tool, an ADEQUATE PUBLIC FACILITIES PROGRAM (APF) to help manage growth more effectively in the County's Development Envelope. APF simply says the existing public facilities for water, sewer, schools and roads must be adequate to support planned land development.

A TRANSPORTATION PLAN - covering all types of highways or streets, airways, waterways and railways.

A WATER & SEWER MASTER PLAN - sets the foundation for timing and planning of public water and sewer facilities in appropriately zoned areas.

A SOLID WASTE MANAGEMENT PLAN - evaluates the County's solid waste management operations and establishes a 10 year management program.

THE CHESAPEAKE BAY CRITICAL AREA PROGRAM - is designed to manage land use within 1,000 feet of tidal waters and tidal wetlands, with a goal of protecting water quality and natural habitat, and to accommodate future growth based in environmentally sensitive areas.

THE RURAL ELEMENT PLAN - addresses preservation of the County's rural character and promotion of agriculture as the primary economic enterprise in the rural areas.

THE LAND PRESERVATION AND RECREATION PLAN - addresses the County's need for open space and recreational areas, and considers these areas as part of a larger system of preserved lands.



## **HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY**

A NATURAL RESOURCES ELEMENT PLAN - includes methods for protecting environmental resources, including streams and their buffers, steep slopes, floodplains, and the habitats of threatened and endangered species.

AN HISTORIC PRESERVATION PLAN - explains how historic structures and archaeological sites can further an awareness of the importance of the County's heritage among the citizens.

THE EDGEWOOD COMMUNITY PLAN - is a comprehensive revitalization strategy to improve physical, social, and economic conditions within the Edgewood community, which strives to guide future growth and sustain the community's character and values.

A JOPPA / JOPPATOWNE COMMUNITY PLAN - is a community-level master plan that serves as a blueprint for the physical development and redevelopment of the community.

A COMMUNITY FACILITIES PLAN ELEMENT - which goes as far into the future as is reasonable with appropriate and desirable proposals for parks and recreation areas, schools and other educational and cultural facilities, libraries, churches, hospitals, social welfare and medical facilities, institutions, fire stations, police stations, jails or other public office or administrative facilities.

DESIGNATED GROWTH AREAS - In 1977 the County adopted a Development Envelope concept as part of our Master Plan, this defined a geographic area for planned development directing more intense growth into a specific area, namely the corridors defined by I-95 / U.S. Route 40 and the MD Route 24 corridor north to Bel Air. Our 2004 Master Plan introduced Designated Growth Areas, which include the Development Envelope but also define other growth areas, which will be developed as well, mainly the HEAT (Higher Education and Applied Technology) Center, Harford Community College, municipalities, rural villages and certain mixed office use locations.

## HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY

### ADMINISTRATIVE GOALS

In 1996, Harford County became the first jurisdiction in the State of Maryland to institute Performance Based Management through all levels of County Government. In addition to current and future basic operational obligations, we must also recognize those expenses to be funded for the upcoming year and committed to future budgets, which work towards meeting the Administration's short term objectives and reaching their long term goals. In Fiscal Year 2007, in a effort to portray a broader picture of efforts, we began the process of revising our Performance Measure system. Our new system includes indicators of inputs, outputs, efficiency, quality, and effectiveness. The unfolding of this process, together with strategic planning, should form a solid foundation for managing results.

### MISSION STATEMENT

Harford County Government will preserve our traditions and promote the highest quality of life through efficient, honest, and responsive service to all citizens while planning for a prosperous and secure future.

### VISION

*~ Preserving Harford's past; promoting Harford's future ~*

### GOALS

- I Public Safety  
To provide public safety services to Harford County in order to produce a safe and secure place to live, work, or visit.
- II Education  
To invest in our future by promoting the availability of quality academic programs and technical skill opportunities for lifelong learning.
- III Efficient County Government  
To utilize best practices to provide responsive, efficient, and effective services to citizens, businesses, and governmental agencies.
- IV Growth Management  
To facilitate balanced and appropriate growth that provides for economic development, preservation of open space, and adequate public facilities / services in accordance with the approved Master Plan.
- V Environmental Stewardship  
To protect and preserve the County's environment through the efficient use and reuse of its resources.
- VI Infrastructure  
To provide adequate public infrastructure to meet current and future needs of citizens and businesses.
- VII Quality of Life  
Promote opportunities that allow citizens to meet essential needs and to assist in the development of life enhancing amenities that support personal growth, community spirit, and leisure.

## **HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY**

### **LONG RANGE ISSUES AND GOALS**

Harford County's most important issues, as defined by our citizens, are controlling development and coping with the results of population growth, mainly overcrowded schools, a concern for public safety, and the potential for diminishing the importance of our agricultural heritage.

DEVELOPMENT - With the desirable quality of life available in Harford County, we have grown rapidly since 1980. Our population in 1980 was 145,930 compared to 238,250 in 2005. Various actions have been taken to control the amount and to define the type of growth we are experiencing. Elements of the Master Plan and the Designated Growth Areas have been espoused.

In April 2007, the County Council amended the adequate public facilities legislation controlling development where the enrollment of schools which serve a site greater than 105% of the rate capacity of the school, or the enrollment is projected to be greater than 105% within three years. The amendments provide that preliminary plans and site plans may be approved for developments where the enrollment of a school serving the site is greater than 105% of the rated capacity, if the Approved Capital Budget contains a project which provides sufficient funds for construction of a new school or school addition and upon completion enrollment at the school which serves the site will be reduced below 105% capacity; or actual construction of a project has begun; or the capital project will be completed and operational within one year. In addition, the amendments provide that the State rated capacity be used to determine the capacity of school facilities and generally related to school adequacy standards.

Economic development plans have been set in place to attract new high tech industry to Harford County, which would result in a larger assessable base and job growth, while not placing the increased demands on our school system that residential growth would bring. This effort aligns with the Federal Government's Base Closure and Realignment Act's (BRAC) impact on Aberdeen Proving Ground (APG), which is Harford County's largest employer with over 12,000 civilian and military employees. Harford County was apprised of the extent to which the Department of Defense's Base Realignment and Closure (BRAC) decisions would impact us. Though a finalization of numbers is still not known, we are planning on a net gain of 8,200 jobs on-post at APG, and an estimated additional 20,000 off-post positions for contractors supporting APG activities. These, in combination with jobs that will be indirectly created, translate into a potential total of 35,000 new jobs and a projected population increase which could go as high as 55,000 over the next ten years.

Aberdeen Proving Ground's Business Development Office is a one-stop shop for businesses interested in technology resources available on Post, encouraging public/private coordination and technology transfer. The office, the first of its kind in the Army, combines the talents of federal research and private industry for mutual benefit and has won regional awards for its innovative and proactive approach. In October 2003, APG and community efforts secured \$5 million in federal funding to establish the Counter Terrorism Training Center. The center will play a key role in the Nation's Homeland Defense Strategy. APG, the City of Aberdeen and the Harford County Office of Economic Development are also jointly pursuing enhanced use leasing opportunities on Post to attract contractor operations that support the Army's mission, including a new 200 acre high technology / defense aero park.

## **HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY**

The Administration's Technology Plan includes:

Incubator Programs  
Fast Track Permitting  
Defense Conversion/Transfer  
Higher Education Program Development  
Workforce Technical Training Grants

Recruitment  
Enterprise Zone Tax Credits  
Redevelopment Assistance  
Regional Market Profiles and Cost Analysis  
Utility Rate Incentives

Specialized Training Coordination  
Job Creation Tax Credits  
Online Site Database

and Financial Assistance Programs for:

Site Acquisition  
Construction  
Small Business Assistance

Leasehold Improvements  
Redevelopment Assistance

Equipment Purchases  
Technology Development

These financing programs include:

Industrial Revenue Bonds for Manufacturers and 501(c)(3) Organizations.

An Economic Development Opportunity Fund - where local and federal funds are used to encourage investment, retention and job creation for working capital, equipment purchases, land or building improvements and purchases.

A Revolving Loan Fund - to provide creditworthy businesses unable to obtain financing through traditional sources due to limited equity, collateral or cash flow.

An Enterprise Loan Fund - to revitalize older industrial areas of the County and support resident businesses.

A Community Block Development Grant for Economic Development - includes funding to develop targeted areas with water and sewer lines and / or rail service to industrial sites and construction of new and expanding businesses.

These efforts have resulted in twenty-eight Research and Development Technology companies being established in Harford County since 1998.

## HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY

### ISSUES RESULTING FROM POPULATION GROWTH

#### SCHOOL CAPACITY

County policy in the 1980's included a Paygo only method for financing capital projects. Though this left the County fiscally strong, it had a severe impact on needed public infrastructure. County policy was amended in the 1990's to again include bond financing and some facility issues were addressed. Wastewater treatment plant expansions, solid waste disposal sites, a detention center, a police substation, fire and ambulance stations and schools were funded. With the need for so many projects, school construction was limited to address the then current population. Seven elementary schools and one middle school were opened during the 1990's; high schools were only to be renovated and even that was scheduled for the future. When high school overcrowding became a real issue in the late 90's, it was a problem in all areas of the County. Analysis of the situation proved that construction of a new high school was more cost effective than rehabilitating an existing school. While the County and the State agreed that the need for high school construction existed, the County was facing the same economic downturn that was being felt nationally, and the State was experiencing even greater financial problems. In addition, the new State Administration became aware of school funding commitments well beyond its capacity.

Harford County is committed to addressing school capacity issues and has funded numerous projects over the past several years. The modernization / expansion of North Harford High School will be completed in the summer of 2007. The largest project directed to alleviating capacity issues is the new middle school / high school facility at Patterson Mill. The County proceeded with construction on a "forward funded" basis and anticipates receiving State reimbursement during Fiscal Year 2008. For FY 08, we have started the reconstruction of Bel Air High School on a "forward funded" basis with a plan to issue General Obligation Bonds.

The Administration is also aware of other school capital needs, including the replacement of Edgewood High School, a new elementary school for the area northeast of Bel Air, as well as modernization / additions to five elementary schools. To this end, the County Executive and County Council explored alternate financing methods and potential new revenue streams. The Council appealed to the State General Assembly for authority to implement new and / or adjust existing revenues which would be dedicated to school construction. The only authority granted was for a new Impact Fee. The Maryland General Assembly adopted House Bill 965 (Article 24, Subtitle 10A, Harford County School Construction Financing Section 9-10A 01) in 2004. The bill states, "In general. - The County Council of Harford County, by ordinance, may fix, impose, and provide for the collection of a development impact fee not to exceed \$10,000 for new construction or development. . . Use of revenues.- The revenues from the special fund may be used only for:

- |                               |                               |                        |
|-------------------------------|-------------------------------|------------------------|
| (1) School site acquisition;  | (2) School construction;      | (3) School renovation; |
| (4) School debt reduction; or | (5) School capital expenses." |                        |

Legislation to initiate an Impact Fee was adopted by our County Council, and became effective July 1, 2005.

We remain conscious of the fact that new or expanded facilities carry future operating price tags. When projecting out year budgets, additional staff and ancillary expenses are included for additional capacity.

## **HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY**

### **PUBLIC SAFETY**

Population growth and new technologies have generated the need for long term planning for Public Safety. In FY 05, the Harkins Administration completed a \$23 million project to replace our Fire and Emergency Medical Services radio system, which had been in service since 1984 and the Sheriff's radio system which was installed in 1986. The new system is critical to insure adequate communication for public safety providers.

Other projects for long-term Public Safety include the design and construction of a 288 bed expansion for medium security level inmates at the Detention Center. Upon completion of the expansion in FY 2009, the estimated on-going operating costs, to include approximately 70 new positions will be \$5,944,097 annually. Funds are also included to construct a second floor on the existing Emergency Operations Center.

The Administration has worked with our Volunteer Fire Companies to develop a viable Capital Improvement Program to renovate / expand / or build new main and substations. For FY 08, funding is provided to renovate the Susquehanna Hose Company Union Avenue substation; and expand both House #3 and #5 of the Susquehanna Hose Company.

### **AGRICULTURAL PRESERVATION**

The pressure on farmers to sell land for development has greatly increased with additional demand for housing caused by population growth and low interest rates. To encourage land owners to preserve farmland the County participates in the State of Maryland's Agricultural Preservation Program. For FY 08, it is projected that the County will receive \$600,000 in State Agricultural Land Transfer Tax receipts. Harford County also has its own Agricultural Preservation Program to allow land owners to preserve productive farmland for future generations through the use of conservation easements, or by selling their development rights. Our commitment to the program is demonstrated by changes made, whereby the base value and cap associated with the per acre price has been increased from \$10,000 to \$15,000, and the development cap will increase from \$125,000 to \$135,000 per development right leaving a projected price per acre at an average of \$11,000. An additional \$6,450,000 has been approved for FY 08 for a program total of \$17,200,000.

By July 2007, the County will have purchased an estimated 41,000 acres of farmland through County and State Agricultural Preservation Programs.

## **HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY**

THE ENVIRONMENT - Harford County has an established, award winning Recycling Program and a County-owned and operated water/sewer system that always meets and usually exceeds mandated standards. We have in place a Capital Improvement Plan designed to maintain and expand the water/sewer network and to manage the disposal of solid waste.

To save landfill air space and manage solid waste well into the future, Harford County contracted with the Northeast Maryland Waste Disposal Authority which under its revenue bond financing authority, developed the Harford Waste-to-Energy Facility (WTE) to process most of the County's solid waste. Through a contractual arrangement with WTE, each year more than 110,000 tons of the County's waste is burned to produce energy, which is purchased by Aberdeen Proving Ground. The WTE contract covers the operating and maintenance costs of the facility and is funded with Solid Waste Services revenue, derived from tipping fees, fees for burning permitted or recovered materials, tire disposal fees, and the sale of steam to Aberdeen Proving Ground. Under the WTE contract, the County pays the debt service on the facility and will own the plant in 2016. Federal and State environmental regulations require a retrofitting of the facility. This cost will also be covered by Northeast Maryland Waste Disposal Authority Bonds on which the County will pay the debt service.

OTHER POST EMPLOYMENT BENEFITS (OPEB) - Effective July 1, 1994, employees of Harford County Government who retire from County service with a pension benefit under the Maryland State Retirement System will receive a subsidy toward the purchase of group health benefits. Effective July 1, 1998, the spouses of eligible employees also received the same subsidy as the employee. All subsidies are financed on a pay-as-you-go basis, and future payment is contingent upon the approval of the operating budget. The amount of the subsidy is based upon the employee's total length of credited service in the Maryland State Retirement System, so long as the employee has a minimum of five years continuous service to Harford County Government at the time of retirement.

For Fiscal Year 2008 the annual cost for OPEB, based on a actuarial valuation, is \$14,198,000. Harford County has budgeted \$4,126,537 in Fiscal Year 2008 toward the annual cost. The difference between the annual cost and the budgeted amount will be treated as a balance sheet liability.

## **HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY**

### **FY 2008 ISSUES AND OBJECTIVES**

Short range issues and objectives are considered in light of available resources, compatibility with the Master Plan, their contribution towards County Goals, operating requirements, mandates, and above all the wants of our citizens.

After careful review and analysis, the Approved Fiscal 2008 Operating and Capital budgets allocates our available resources, assuring that citizen's concerns were addressed, that permanent funding commitments were sustainable, and that we continue to enhance our educational system, maintain public safety, protect our environment and preserve our quality of life.

### **EDUCATION**

For FY 08, the County support to our schools provides an additional \$10.2 million. It should be noted that for FY 08 State law required no County increase in school funding. The increase, when combined with all other revenue sources provide:

WAGES & BENEFITS - support for a wage package in parity with the County's Step and 3% COLA for all eligible non-teaching staff and a wage package of a Step and 4% for all eligible teachers. An increased allocation towards the system's projected 8% increase to health and dental coverage.

ADDITIONAL BOARD OF EDUCATION FUNDING - for the August 2007 opening of the new Patterson Mill Middle / High School to assist with expenses related to the opening of a new school and balancing enrollment from redistricting; provides an increased allocation to continue and expand the Flu Mist program; will establish a new regional area for Student and Psychological services; and to assist with the rising costs of providing the necessary services to our special needs children.



## **HARFORD COUNTY, MARYLAND FISCAL YEAR 2008 BUDGET SUMMARY**

### **PUBLIC SAFETY**

Public Safety issues for FY 08 include providing various departments with sufficient staff and funding to maintain safe communities; gang suppression initiatives; and supporting a variety of programs which offer drug prevention and/or rehabilitation services.

THE SHERIFF'S OFFICE - Full funding of a new pay plan for the deputized staff of the Sheriff's Office to allow for more competitive salaries to recruit and retain highly qualified personnel and funds to annualize 36 positions created in FY 07 are appropriated.

VOLUNTEER FIRE COMPANIES - have been funded over the years with County support, service reimbursements and major fund raising efforts conducted by the companies themselves. With more complicated technology and legal mandates, increased funding and demand on volunteers' time have become major concerns. The County Administration and the Volunteer Fire Companies worked together to develop new strategies for coping with these issues. The results have been:

AN EMERGENCY MEDICAL SERVICES FOUNDATION - an initiative started in FY 06 to provide for a partially paid emergency medical service. At the request of the Volunteer Fire Association, the County fully funded their request in FY 08 for increased support to the foundation.

A FACILITY REPAIR / RENOVATION PROJECT - the County continued to support the capital project created in FY 07 by appropriating \$750,000 to provide funds for facility repair / renovation costs for existing stations, to be determined / approved by the Association of the Volunteer and Emergency Medical Service of Harford County, Inc. for system repairs, roofs, paving, HVAC and other minor renovations. Moreover, \$750,000 for each subsequent year has been included in the Capital Improvement Program.

In addition, the County is boosting its annual appropriation to each company by 10%, supplementing funds to cover the rising cost of fuel, and increasing funds for support services.

### **OTHER FY 08 ISSUES AND OBJECTIVES**

FOR OUR EMPLOYEES - the FY 08 Approved Operating Budget includes a merit step and a 3% Cost of Living Adjustment for all eligible staff, and sufficient funding to cover an anticipated increase in health benefit costs, with none of the additional expense being passed on to staff. In addition, funds are included to be matched with a State grant for a new "House Keys 4 Employees" program to assist employees who are first time homebuyers with settlement and closing costs.

FOR COUNTY RETIREES - to help with the inflated costs of health care, for FY 08 the County increased the percentage it will pay for health benefit packages for County retirees from a maximum of 70% to 75%, the percent being based on years of service.

After an in-depth analysis of available revenues, with our Master Plan and the Administration's Goals in mind, we developed the FY 08 Operating and Capital Budgets with the hope of being responsive to the needs of our citizens and of maintaining Harford County's quality of life.

**HARFORD COUNTY, MARYLAND**  
**FY 2008 TAXABLE ASSESSABLE BASE**  
**GENERAL FUND**

	Fiscal Year 2005-2006		Fiscal Year 2006-2007		Fiscal Year 2007-2008	
	Taxable Assessable Base	Audited Revenue	Taxable Assessable Base	Projected Revenue	Taxable Assessable Base	Estimated Revenue
<b><u>REAL PROPERTY</u></b>		@ \$0.926		@ \$0.926		@ \$0.926
Full Year Levy	16,338,666,091	151,296,048	18,871,352,376	174,748,723	21,863,447,732	202,455,526
Partial Year Levy	132,542,333	1,227,342	116,090,713	1,075,000	100,000,000	926,000
<b>Real Property Subtotal</b>	16,471,208,423	152,523,390	18,987,443,088	175,823,723	21,963,447,731	203,381,526
<b><u>PERSONAL PROPERTY</u></b>		@ \$2.315		@ \$2.315		@ \$2.315
Unincorporated Business	11,814,946	273,516	9,719,222	225,000	15,698,445	363,419
Railroads and Public Utilities	528,640,216	12,238,021	539,956,803	12,500,000	563,031,577	13,034,181
Corporate Property	343,375,594	7,949,145	317,018,877	7,338,987	326,154,860	7,550,485
<b>Personal Property Subtotal</b>	883,830,756	20,460,682	866,694,903	20,063,987	904,884,881	20,948,085
<b>Grand Total</b>	17,355,039,179	172,984,072	19,854,137,990	195,887,710	22,868,332,612 <sup>(1)</sup>	224,329,611
<b><u>ADDITIONS AND SUBTRACTIONS</u></b>						
Interest, Discounts and Other Credits		(3,196,813)		(7,833,942)		(16,889,145)
<b>NET TAXES</b>		169,787,259		188,053,768		207,440,466

<sup>(1)</sup> The total taxable value of the assessed base for Harford County is estimated to be \$22,868,332,612 on June 30, 2008. The estimated tax exempt portion of the total assessable base is estimated to be \$2,972,883,240 as of June 30, 2008. The total assessable base is estimated at \$25,841,215,852.

**HARFORD COUNTY, MARYLAND**  
**FY 2008 TAXABLE ASSESSABLE BASE**  
**HIGHWAYS FUND**

	<b>Fiscal Year 2005-2006</b>		<b>Fiscal Year 2006-2007</b>		<b>Fiscal Year 2007-2008</b>	
	Taxable Assessable Base	Audited Revenue	Taxable Assessable Base	Projected Revenue	Taxable Assessable Base	Estimated Revenue
<b><u>REAL PROPERTY</u></b>		@ \$0.156		@ \$0.156		@ \$0.156
Full Year Levy	14,022,643,590	21,875,324	16,152,896,154	25,198,518	16,161,780,769	25,212,378
Partial Year Levy	101,783,974	158,783	77,027,564	120,163	73,146,795	114,109
<b>Real Property Subtotal</b>	14,124,427,564	22,034,107	16,229,923,718	25,318,681	16,234,927,564	25,326,487
<b><u>PERSONAL PROPERTY</u></b>		@ \$0.39		@ \$0.39		@ \$0.39
Unincorporated Business	7,576,667	29,549	21,079,487	32,884	7,857,949	30,646
Railroads and Public Utilities	476,941,795	1,860,073	1,255,908,974	1,959,218	423,658,974	1,652,270
Corporate Property	244,567,179	953,812	569,892,949	889,033	197,205,641	769,102
<b>Personal Property Subtotal</b>	733,664,871	2,843,434	1,846,881,410	2,881,135	628,722,564	2,452,018
<b>Grand Total</b>	14,858,092,435	24,877,541	18,076,805,128	28,199,816	16,863,650,128	27,778,505
<b><u>ADDITIONS AND SUBTRACTIONS</u></b>						
Interest, Discounts and Other Credits		90,786		119,272		26,156
<b>NET TAXES</b>		24,968,327		28,319,088		27,804,661

**DEBT REQUIREMENTS FOR FISCAL YEAR 2007 - 2008  
HARFORD COUNTY, MARYLAND**

**LONG TERM DEBT REQUIREMENTS:**

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
General Obligation Bonds	9,010,902	5,170,050	14,180,952
Community College Bonds	1,123,100	1,194,083	2,317,183
Public School Bonds	9,056,155	7,102,576	16,158,731
Agricultural Preservation Loans	1,330,420	2,700,000	4,030,420
Water & Sewer Bonds	14,633,942	7,111,963	21,745,905
Water & Sewer Loans	1,817,235	516,406	2,333,641
Water & Sewer DBED Loan	53,661	4,378	58,039
Highways Bonds	62,679	4,425	67,104
Farmers Home Loan	32,294	67,142	99,436
Notes General Fund	485,000	380,426	865,426
Notes Water & Sewer Fund	100,000	100,000	200,000
<b>TOTALS</b>	<u><u>37,705,388</u></u>	<u><u>24,351,449</u></u>	<u><u>62,056,837</u></u>

**SHORT TERM DEBT REQUIREMENTS:**

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
General Fund Lease Finance			
2007 Lease Purchase - County	1,289,001	311,138	1,600,139
2007 Lease Purchase - Public Schools	1,170,277	282,480	1,452,757
2007 Lease Purchase - College	64,777	15,636	80,413
Sub total General Fund	2,524,055	609,254	3,133,309
Highways Fund Lease Finance	512,909	123,806	636,715
Water & Sewer Fund Lease Finance	58,764	14,185	72,949
Solid Waste Services Lease Finance			
Waste to Energy Lease 2002	4,162,150	401,514	4,563,664
Waste to Energy Retrofit	1,085,000	460,900	1,545,900
2007 Lease Purchase	215,150	51,933	267,083
Sub total Solid Waste Services	5,462,300	914,347	6,376,647
<b>TOTALS</b>	<u><u>8,558,028</u></u>	<u><u>1,661,592</u></u>	<u><u>10,219,620</u></u>

**HARFORD COUNTY, MARYLAND  
ESTIMATED STATEMENT OF LEGAL DEBT MARGIN**

**MARYLAND LAW AS IT STOOD FOR FISCAL YEAR 2001 AND PRIOR FISCAL YEARS**

Pursuant to Article 25A, 5(P) of the Annotated Code of Maryland (1990 Replacement Volume, 1993 Supplement), the County, as a charter county, is limited in the amount of general obligation supported debt that it can issue to an amount equal to 15% of the assessed value of the property in the County.

**AMENDED MARYLAND LAW FOR FISCAL YEAR 2002 AND THOSE FORWARD**

Pursuant to Article 25A, 5(P) of the Annotated Code of Maryland (1998 Replacement Volume, 2000 Supplement), the County, as a charter county, is limited in the amount of general obligation supported debt that it can issue to an amount equal to a total of 6% of the assessable base of Real Property and 15% of Personal Property.

	REAL PROPERTY	PERSONAL PROPERTY	TOTAL
ESTIMATED VALUE OF NET ASSESSED PROPERTY	16,608,642,745	904,081,260	LEGAL
APPLICABLE GENERAL OBLIGATION DEBT % RATE	6%	15%	DEBIT LIMIT
ESTIMATED LEGAL DEBT LIMIT - for borrowing of funds and issuance of bonds	996,518,565	135,612,189	1,132,130,754

**STATEMENT OF ESTIMATED LONG TERM DEBT OUTSTANDING AS OF JUNE 30, 2008**

**ESTIMATED LONG TERM DEBT:**

Waste to Energy	11,977,250
General Obligation	99,689,185
Solid Waste	14,140,767
Community College	17,774,307
Public Schools	173,576,197
Highways	57,124
<b><u>TOTAL ESTIMATED LONG TERM DEBT</u></b>	<b><u>317,214,830</u></b>

**ESTIMATED SELF SUSTAINING DEBT:**

Water & Sewer Bonds and Loans	171,454,734
Agricultural Preservation Debt	46,783,348
<b><u>TOTAL ESTIMATED SELF SUSTAINING DEBT</u></b>	<b><u>218,238,082</u></b>

**ESTIMATED TOTAL BONDED DEBT**

LESS: Estimated Self Sustaining Debt	218,238,082
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**ESTIMATED TOTAL DEBT APPLICABLE TO LEGAL DEBT LIMIT**

**317,214,830**

**ESTIMATED TOTAL LEGAL DEBT LIMIT**

**1,132,130,754**

LESS: Estimated Total Debt Applicable to Legal Debt Limit

**317,214,830**

**ESTIMATED LEGAL DEBT MARGIN**

**814,915,924**

**BUSINESS PLAN**  
**DEBT BURDEN ANALYSIS**  
**Fiscal Years 2004-2013**

	Actual			Approved Budget	Approved Budget	Projected				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Expenditures <sup>(1) (2)</sup>										
County Council	\$ 1,411,552	\$ 1,499,002	\$ 1,620,482	\$ 1,849,949	\$ 2,404,701	\$ 2,524,936	\$ 2,651,183	\$ 2,783,742	\$ 2,922,929	\$ 3,069,076
General Government	30,050,910	30,780,832	34,531,936	49,653,872	52,984,944	55,634,191	58,415,901	61,336,696	64,403,531	67,623,707
Education - Primary through Community College	159,838,878	166,326,151	189,193,543	204,193,543	215,393,543	226,163,220	237,471,381	249,344,950	261,812,198	274,902,808
Harford Center	367,731	382,143	432,143	482,143	532,143	558,750	586,688	616,022	646,823	679,164
Judicial	5,183,083	5,661,080	6,195,518	7,353,586	7,922,539	8,318,666	8,734,599	9,171,329	9,629,896	10,111,390
Libraries	10,361,806	11,646,499	13,105,781	14,361,956	15,705,461	16,490,734	17,315,271	18,181,034	19,090,086	20,044,590
Parks and Recreation	6,068,357	6,757,683	7,432,536	9,281,638	10,389,274	10,908,738	11,454,175	12,026,883	12,628,227	13,259,639
Public Safety	47,661,888	52,992,093	60,288,137	70,878,423	83,587,241	87,766,603	92,154,933	96,762,680	101,600,814	106,680,855
Public Works	36,675,058	38,653,343	46,648,713	51,301,193	52,780,667	55,419,700	58,190,685	61,100,220	64,155,231	67,362,992
Social Services	8,193,753	8,966,602	9,724,009	12,358,535	13,717,254	14,403,117	15,123,273	15,879,436	16,673,408	17,507,078
Other Financing Uses	32,578,829	22,100,669	41,158,645	35,027,751	30,680,891	32,214,936	33,825,682	35,516,966	37,292,815	39,157,456
Debt Service										
General Obligation Debt <sup>(3)</sup>	25,017,379	24,057,594	28,829,499	24,922,452	33,589,396	43,692,938	49,181,395	53,635,897	54,495,776	52,627,232
Other Debt Expenses	167,364	1,076,357	89,076	9,767,822	10,902,621	3,888,413	3,888,412	3,888,412	3,888,413	0
	<u>\$ 363,576,588</u>	<u>\$ 370,900,048</u>	<u>\$ 439,250,018</u>	<u>\$ 491,432,863</u>	<u>\$ 530,590,675</u>	<u>\$ 557,984,942</u>	<u>\$ 588,993,577</u>	<u>\$ 620,244,268</u>	<u>\$ 649,240,146</u>	<u>\$ 673,025,987</u>
Capital Plan <sup>(4)</sup>										
General Obligation Bonds	\$12,145,000	\$31,935,000	\$30,640,000	\$45,885,000	\$102,715,000	\$125,668,695	\$76,522,988	\$60,799,479	\$26,425,964	\$3,370,261
Water and Sewer Bonds	2,555,000	6,510,000	6,820,000	15,500,000	96,895,000	16,765,000	3,285,000	2,300,000	28,700,000	30,745,000
Pay-as-you-go										
General Fund	6,588,578	7,416,248	16,591,184	14,282,429	17,126,891	19,325,505	19,534,265	16,178,233	12,767,691	11,179,282
Highway Fund	9,650,273	11,686,000	15,585,000	17,845,322	12,654,000	24,405,000	22,904,000	26,670,000	22,280,000	21,170,000
Other Special Revenue Funds	100,000	100,000	0	0	0	0	0	0	0	0
Water and Sewer Fund	2,605,000	3,100,000	3,425,000	1,225,000	1,800,000	1,105,000	750,000	1,550,000	1,100,000	2,350,000
Other Sources (All Funds)	49,507,091	41,952,004	83,410,260	92,784,817	82,977,598	96,399,747	100,145,609	54,628,150	19,769,533	10,999,891
	<u>\$ 83,150,942</u>	<u>\$ 102,699,252</u>	<u>\$ 156,471,444</u>	<u>\$ 187,522,568</u>	<u>\$ 314,168,489</u>	<u>\$ 283,668,947</u>	<u>\$ 223,141,862</u>	<u>\$ 162,125,862</u>	<u>\$ 111,043,188</u>	<u>\$ 79,814,434</u>

**BUSINESS PLAN  
DEBT BURDEN ANALYSIS  
Fiscal Years 2004-2013**

	Actual			Approved Budget	Approved Budget	Projected				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
General Obligation Outstanding July 1	\$ 126,797,975	\$ 136,566,067	\$ 161,388,249	\$ 150,076,669	\$ 195,961,669	\$ 298,676,669	\$ 424,345,364	\$ 500,868,352	\$ 561,667,831	\$ 588,093,795
General Obligation Bonds Retired	26,109,877	11,082,818	11,311,580	0	0	0	0	0	0	0
Transfer to/from Enterprise Fund	0	0	0	0	0					
Retired/Defeased Issues	0	0	0	0	0					
New General Obligation Debt	35,877,969	35,905,000	0	45,885,000	102,715,000	125,668,695	76,522,988	60,799,479	26,425,964	3,370,261
General Obligation Outstanding June 30	\$ 136,566,067	\$ 161,388,249	\$ 150,076,669	\$ 195,961,669	\$ 298,676,669	\$ 424,345,364	\$ 500,868,352	\$ 561,667,831	\$ 588,093,795	\$ 591,464,056
Population <sup>(5)</sup>	235,067	238,850	241,402	247,437	253,623	259,964	266,463	273,124	279,952	286,951
Taxable Property Value <sup>(6)</sup>										
Taxable Assessed Valuation (000 omitted) <sup>(7)</sup>	\$ 14,542,267	\$ 15,746,625	\$ 16,608,643	\$ 22,868,333	\$ 24,011,749	\$ 24,011,749	\$ 25,212,337	\$ 26,472,954	\$ 27,796,601	\$ 29,186,431
Total Property Value <sup>(6)</sup>										
Estimated Actual Valuation (000 omitted)	\$ 16,413,906	\$ 17,642,934	\$ 18,548,657	\$ 25,841,216	\$ 27,133,277	\$ 27,133,277	\$ 28,489,940	\$ 29,914,438	\$ 31,410,159	\$ 32,980,667
Debt Ratios										
General Obligation Debt Service as % of Expenditures	6.88%	6.49%	6.56%	5.07%	6.33%	7.83%	8.35%	8.65%	8.39%	7.82%
General Obligation Debt Per Capita	\$580.97	\$675.69	\$621.69	\$791.97	\$1,177.64	\$1,632.33	\$1,879.69	\$2,056.46	\$2,100.69	\$2,061.20
General Obligation Debt as % of Assessed Valuation	0.94%	1.02%	0.90%	0.86%	1.24%	1.77%	1.99%	2.12%	2.12%	2.03%
General Obligation Debt as % of Estimated Actual Valuation	0.83%	0.91%	0.81%	0.76%	1.10%	1.56%	1.76%	1.88%	1.87%	1.79%
Comparison Ratios										
Business Plan Debt Service as % of Expenditures	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Moody's Investor Service Median Overall Net Debt Per Capita	\$901.00	\$901.00	\$901.00	\$901.00	\$901.00	\$901.00	\$901.00	\$901.00	\$901.00	\$901.00
Value	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%

<sup>(1)</sup> These expenditures include General and Highway Funds only.

<sup>(2)</sup> Estimated at a 5% growth rate

<sup>(3)</sup> Includes principal and interest, projected 20 year bonds @ 4.25%

<sup>(4)</sup> Capital Improvement Program

<sup>(5)</sup> Estimated at a 2.5% growth rate

<sup>(6)</sup> Estimated at a 5% growth rate

<sup>(7)</sup> Real property now assessed at 100% value

**HARFORD COUNTY, MARYLAND**  
**STATEMENTS OF ESTIMATED UNAPPROPRIATED FUND BALANCE**  
**GENERAL FUND AND SOLID WASTE SERVICES**

	<b>GENERAL FUND</b>	<b>SOLID WASTE SERVICES</b>
<b><u>TOTAL FUND BALANCE AT JUNE 30, 2006</u></b>	<b>86,329,281</b>	<b>0</b>
2007 Revenue - Estimated	396,323,704	19,896,295
2007 Expenditures - Estimated	<u>(397,856,421)</u>	<u>(19,896,295)</u>
<b><u>TOTAL ESTIMATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b><u>84,796,564</u></b>	<b><u>0</u> <sup>(1)</sup></b>
 <b>FUND BALANCE AVAILABLE FOR APPROPRIATION AT JUNE 30, 2007</b>		
 <b><u>TOTAL ESTIMATED FUND BALANCE AT JUNE 30, 2007</u></b>	 <b>84,796,564</b>	 <b>0</b>
LESS: Reservation of Fund Balance		
Encumbrances	(2,044,614)	
Loan Receivables - Town of Bel Air Parking Garage	(757,000)	
Dedicated Revenues - Detention Center	(177,409)	
LESS: Unreserved Fund Balance		
Reserve for Credit Rating Purposes <sup>(2)</sup>	(23,365,668)	
Designated for Landfill Closure	(11,972,509)	
Waste to Energy Plant Closure	<u>(63,350)</u>	<u>                    </u>



**HARFORD COUNTY, MARYLAND**  
**STATEMENTS OF ESTIMATED UNAPPROPRIATED FUND BALANCE**  
**GENERAL FUND AND SOLID WASTE SERVICES**

	<b>GENERAL FUND</b>	<b>SOLID WASTE SERVICES</b>
<b><u>ESTIMATED UNAPPROPRIATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b>46,416,014</b>	<b>0</b>
Appropriated Fund Balance for Fiscal Year 2008	(25,657,817)	0
General Fund Support to Solid Waste Services	(5,431,079)	5,431,079
Highways Fund Support for Transportation	3,681,330	0
Estimated Revenues	454,478,918	13,907,655
Less Fiscal Year 2008 Estimated Expenditures	<u>(452,729,169)</u>	<u>(19,338,734)</u>
<b><u>ESTIMATED UNAPPROPRIATED FUND BALANCE FOR FY 2009 &amp; FUTURE YEARS</u></b>	<b><u>20,758,197</u></b>	<b><u>0</u></b>
<b>Reserve for Credit Rating Purposes <sup>(2)</sup></b>	<b>23,603,395</b>	
<b>Estimated Reserve for Credit Rating as a Percentage of Total Approved Expenditures</b>	<b>5%</b>	

(1) It should be noted that while Budget Policy defines Solid Waste Services as an individual account for management purposes, the County's financial statements consider it part of the General Fund.

(2) The 5% Reserve for Credit Rating Purposes in the General Fund (combined General Fund and Solid Waste Service) is necessary to maintain the high credit rating obtained from the Credit Rating agencies. The high bond rating allows the County to sell long-term debt at a lower interest cost thereby saving interest expenses each year. This policy was established in the County's Five Year Business Plan.

**HARFORD COUNTY, MARYLAND  
STATEMENT OF ESTIMATED UNAPPROPRIATED FUND BALANCE  
HIGHWAYS FUND**

	<b>HIGHWAYS FUND</b>
<b><u>TOTAL FUND BALANCE AT JUNE 30, 2006</u></b>	<b>14,184,297</b>
2007 Revenue - Estimated	55,451,563
2007 Expenditures - Estimated	<u>(58,038,244)</u>
<b><u>TOTAL ESTIMATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b><u>11,597,616</u></b>
<b>FUND BALANCE AVAILABLE FOR APPROPRIATION AT JUNE 30, 2007</b>	
<b><u>TOTAL ESTIMATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b>11,597,616</b>
LESS: Reservation of Fund Balance	
Encumbrances	(667,000)
Inventory	(1,445,667)
LESS: Unreserved Fund Balance	
Reserve for Credit Rating Purposes <sup>(1)</sup>	<u>(2,925,954)</u>
<b><u>ESTIMATED UNAPPROPRIATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b>6,558,995</b>
Appropriated Fund Balance for Fiscal Year 2008	(5,346,290)
Estimated Revenues	58,522,772
Less Fiscal Year 2008 Estimated Expenditures	<u>(58,522,772)</u>
<b><u>ESTIMATED UNAPPROPRIATED FUND BALANCE FOR FY 2009 &amp; FUTURE YEARS</u></b>	<b><u>1,212,705</u></b>
<b>Reserve for Credit Rating Purposes <sup>(1)</sup></b>	<b>2,926,139</b>
<b>Estimated Reserve for Credit Rating as a Percentage of Total Approved Expenditures</b>	<b>5%</b>

(1) The 5% Reserve for Credit Rating Purposes is necessary to maintain the high credit rating obtained from the Credit Rating agencies. The high bond rating allows the County to sell long-term debt at a lower interest cost thereby saving interest expenses each year. This policy was established in the County's Five Year Business Plan.

**HARFORD COUNTY, MARYLAND  
STATEMENT OF ESTIMATED UNAPPROPRIATED FUND BALANCE  
PARKS AND RECREATION FUND**

	<b>PARKS AND RECREATION FUND</b>
<b><u>TOTAL FUND BALANCE AT JUNE 30, 2006</u></b>	<b>30,089</b>
2007 Revenue - Estimated	802,273
2007 Expenditures - Estimated	<u>(579,325)</u>
<b><u>TOTAL ESTIMATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b><u>253,037</u></b>
 <b>FUND BALANCE AVAILABLE FOR APPROPRIATION AT JUNE 30, 2007</b>	
<b><u>TOTAL ESTIMATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b>253,037</b>
LESS: Reservation of Fund Balance	
Encumbrances	<u>(5,117)</u>
<b><u>ESTIMATED UNAPPROPRIATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b>247,920</b>
Appropriated Fund Balance for Fiscal Year 2008	0
Estimated Revenues	946,457
Less Fiscal Year 2008 Estimated Expenditures	<u>(946,457)</u>
<b><u>ESTIMATED UNAPPROPRIATED FUND BALANCE FOR FY 2009 AND FUTURE YEARS</u></b>	<b><u>247,920</u></b>

**HARFORD COUNTY, MARYLAND**  
**STATEMENT OF ESTIMATED UNAPPROPRIATED FUND BALANCE**  
**AGRICULTURAL LAND PRESERVATION - COUNTY**

	<b>AGRICULTURAL LAND PRESERVATION COUNTY</b>
<b><u>TOTAL FUND BALANCE AT JUNE 30, 2006</u></b>	<b>41,501,924</b>
2007 Revenue - Estimated	11,549,215
2007 Expenditures - Estimated	<u>(4,149,500)</u>
<b><u>TOTAL ESTIMATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b><u>48,901,639</u></b>
 <b>FUND BALANCE AVAILABLE FOR APPROPRIATION AT JUNE 30, 2007</b>	
<b><u>TOTAL ESTIMATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b>48,901,639</b>
LESS: Reservation of Fund Balance	0
LESS: Unreserved Fund Balance	
Designated for Other Purposes	<u>(21,000,000)</u>
<b><u>ESTIMATED UNAPPROPRIATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b>27,901,639</b>
Appropriated Fund Balance for Fiscal Year 2008	(8,789,250)
Estimated Revenues	17,200,000
Less Fiscal Year 2008 Estimated Expenditures	<u>(17,200,000)</u>
<b><u>ESTIMATED UNAPPROPRIATED FUND BALANCE FOR FY 2009 &amp; FUTURE YEARS</u></b>	<b><u>19,112,389</u></b>

**HARFORD COUNTY, MARYLAND  
STATEMENT OF ESTIMATED UNAPPROPRIATED FUND BALANCE  
AGRICULTURAL LAND PRESERVATION - STATE**

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**AGRICULTURAL LAND  
PRESERVATION STATE**

<b><u>TOTAL FUND BALANCE AT JUNE 30, 2006</u></b>	<b>2,059,124</b>
2007 Revenue - Estimated	658,974
2007 Expenditures - Estimated	<u>(498,075)</u>
<b><u>TOTAL ESTIMATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b><u>2,220,023</u></b>
 <b>FUND BALANCE AVAILABLE FOR APPROPRIATION AT JUNE 30, 2007</b>	
 <b><u>ESTIMATED UNAPPROPRIATED FUND BALANCE AT JUNE 30, 2007</u></b>	<b>2,220,023</b>
Appropriated Fund Balance for Fiscal Year 2008	<b>(35,750)</b>
Estimated Revenues	<b>725,000</b>
Less Fiscal Year 2008 Estimated Expenditures	<u><b>(725,000)</b></u>
 <b><u>ESTIMATED UNAPPROPRIATED FUND BALANCE FOR FY 2009 &amp; FUTURE YEARS</u></b>	<b><u>2,184,273</u></b>

**HARFORD COUNTY, MARYLAND**  
**STATEMENTS OF ESTIMATED UNRESTRICTED NET ASSETS**  
**WATER & SEWER FUND AND WATER & SEWER DEBT SERVICE FUND**

	WATER & SEWER FUND	WATER & SEWER DEBT SERVICE FUND (1)
<b><u>TOTAL NET ASSETS AT JUNE 30, 2006</u></b>	<b>362,060,844</b>	<b>10,652,364</b>
<b>Less Invested in Capital Assets, Net of Related Debt</b>	<u>(241,947,408)</u>	<u>0</u>
<b>Net Assets Available for Appropriation at June 30, 2006</b>		
<b>Unrestricted Net Assets</b>	120,113,436	10,652,364
Plus Fiscal Year 2007 Estimated Revenues	36,052,879	16,688,417
Less Fiscal Year 2007 Estimated Expenditures	<u>(38,790,437)</u>	<u>(12,737,803)</u>
<b>Net Assets Available for Appropriation at June 30, 2007</b>		
<b>Unrestricted Net Assets</b>	<b>117,375,878</b>	<b>14,602,978</b>
Net Assets Appropriated	(4,849,318)	(10,614,114)
Plus Fiscal Year 2008 Estimated Revenues	41,425,195	24,949,970
Less Fiscal Year 2008 Estimated Expenditures	<u>(41,425,195)</u>	<u>(24,949,970)</u>
<b>Net Assets Available for Appropriation at June 30, 2008</b>		
<b>Unrestricted Net Assets</b>	<b><u>112,526,560</u></b>	<b><u>3,988,864</u></b>

(1) It should be noted that while budget policy defines Water & Sewer Debt Service Fund as an individual account for management purposes, the County's financial statements consider it part of the Water and Sewer Fund.

<p style="text-align: center;"><b>HARFORD COUNTY, MARYLAND STATEMENT OF CONTINGENCY RESERVE</b></p>
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The Harford County Charter, Section 506. Contents of the Current Expense Budget, states: "The proposed current expense budget shall contain the following information . . . (6) a statement of the proposed contingency reserves, all of which shall not exceed three percent of the general fund and of any other fund; . . . " The following contingency reserve funds which represents .02 percent of the General Fund and .34 percent of the Highways Fund, have been included in the Approved Fiscal Year 2007-2008 Operating Budget.

GENERAL FUND	\$100,000
HIGHWAYS FUND	\$200,000

**HARFORD COUNTY, MARYLAND  
PERSONNEL SUMMARY**

	ENACTED FY 06				ENACTED FY 07				ENACTED FY 08			
	FULL TIME		PART TIME		FULL TIME		PART TIME		FULL TIME		PART TIME	
	Positions	Salaries	Positions	Salaries	Positions	Salaries	Positions	Salaries	Positions	Salaries	Positions	Salaries
<b>GENERAL FUND</b>												
County Executive	4.00	253,850			7.00	254,297			7.00	511,092		
Administration	87.00	4,467,615	5.25	127,977	88.00	4,746,400	5.25	137,943	95.00	5,349,447	4.75	127,200
Procurement	10.00	554,946			17.00	870,006			18.00	1,033,708		
Treasury	42.00	2,127,338			42.00	2,237,030			42.00	2,307,085		
Law	15.00	1,049,260	0.60	49,168	15.00	1,141,642	0.60	50,646	15.00	1,211,678	0.60	52,163
Planning & Zoning	39.00	1,939,692			40.00	2,058,224			39.00	2,040,646		
Human Resources	9.00	467,750			10.00	568,336			10.00	597,126		
Community Services	34.00	1,710,791			36.00	1,785,913			37.00	1,986,968		
Gov't & Community Relations	4.00	258,589			5.00	326,202			5.00	337,064		
Housing Agency	5.00	216,746			7.00	300,300			8.00	359,367		
Sheriff's Office	454.00	21,518,021	4.55	115,025	494.00	23,587,178	4.55	118,437	494.00	27,620,319	4.55	121,947
Emergency Services	87.00	3,411,171			91.00	3,718,236			92.00	3,933,761		
Inspections, Licenses & Permits	41.00	1,978,956	0.60	20,914	44.00	2,162,165	0.60	22,187	44.00	2,285,024	0.60	23,537
Public Works	23.00	1,153,835	1.00	51,439	25.00	1,294,260	1.00	57,213	29.00	1,597,057	1.00	60,705
County Council	18.00	757,228	1.00	22,410	18.00	797,013	1.00	23,770	19.00	960,132	1.00	49,715
Judicial	26.00	1,302,729			26.00	1,365,267			28.00	1,507,363		
State's Attorney	50.00	2,807,484			52.00	3,038,465			53.00	3,241,947		
Parks & Recreation	72.00	3,147,657	2.00	55,702	77.00	3,390,207	3.50	77,758	90.00	4,059,182	3.50	94,533
Conservation of Natural Resources	0.00	0			1.00	39,977			3.00	177,712		
Economic Development	10.00	537,379	0.60	25,722	12.00	759,614	0.60	27,277	12.00	732,702	0.60	28,948
<b>TOTAL GENERAL FUND</b>	<b>1,030.00</b>	<b>49,661,037</b>	<b>15.60</b>	<b>468,357</b>	<b>1,107.00</b>	<b>54,440,732</b>	<b>17.10</b>	<b>515,231</b>	<b>1,140.00</b>	<b>61,849,380</b>	<b>16.60</b>	<b>558,748</b>



**HARFORD COUNTY, MARYLAND  
PERSONNEL SUMMARY**

	ENACTED FY 06				ENACTED FY 07				ENACTED FY 08			
	FULL TIME		PART TIME		FULL TIME		PART TIME		FULL TIME		PART TIME	
	Positions	Salaries	Positions	Salaries	Positions	Salaries	Positions	Salaries	Positions	Salaries	Positions	Salaries
<b>SOLID WASTE SERVICES</b>												
Public Works	30.00	1,154,654			32.00	1,278,972			33.00	1,409,219		
<b>TOTAL SOLID WASTE SERVICES</b>	<b>30.00</b>	<b>1,154,654</b>	<b>0.00</b>	<b>0</b>	<b>32.00</b>	<b>1,278,972</b>	<b>0.00</b>	<b>0</b>	<b>33.00</b>	<b>1,409,219</b>	<b>0.00</b>	<b>0</b>
<b>HIGHWAYS FUND</b>												
Procurement	0.00	0			2.00	81,047			2.00	109,498		
Public Works	213.00	9,519,084			209.00	9,821,338			217.00	10,465,247		
<b>TOTAL HIGHWAYS FUND</b>	<b>213.00</b>	<b>9,519,084</b>	<b>0.00</b>	<b>0</b>	<b>211.00</b>	<b>9,902,385</b>	<b>0.00</b>	<b>0</b>	<b>219.00</b>	<b>10,574,745</b>	<b>0.00</b>	<b>0</b>
<b>WATER &amp; SEWER FUND</b>												
Treasury	9.00	450,032			9.00	495,387			9.00	446,947		
Public Works	169.00	7,990,539			168.00	8,445,404			169.00	8,906,385		
<b>TOTAL WATER &amp; SEWER FUND</b>	<b>178.00</b>	<b>8,440,571</b>	<b>0.00</b>	<b>0</b>	<b>177.00</b>	<b>8,940,791</b>	<b>0.00</b>	<b>0</b>	<b>178.00</b>	<b>9,353,332</b>	<b>0.00</b>	<b>0</b>
<b>SPECIAL REVENUE FUNDS</b>												
Parks and Recreation	3.00	114,361			3.00	122,096			3.00	130,300		
Ag Preservation - State		30,000				30,000				30,000		
Ag Preservation - County		0				0			1.00	97,844		
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b>3.00</b>	<b>144,361</b>	<b>0.00</b>	<b>0</b>	<b>3.00</b>	<b>152,096</b>	<b>0.00</b>	<b>0</b>	<b>4.00</b>	<b>258,144</b>	<b>0.00</b>	<b>0</b>
<b>TOTAL ALL FUNDS</b>	<b>1,454.00</b>	<b>68,919,707</b>	<b>15.60</b>	<b>468,357</b>	<b>1,530.00</b>	<b>74,714,976</b>	<b>17.10</b>	<b>515,231</b>	<b>1,574.00</b>	<b>83,444,820</b>	<b>16.60</b>	<b>558,748</b>

FY 2008 POSITION CHANGES												
	FULL TIME ABOLISH & CREATES			FULL TIME TRANSFERS			PART TIME ABOLISH & CREATES			PART TIME TRANSFERS		
	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe
<b>GENERAL FUND</b>												
<b>COUNTY EXECUTIVE</b>												
Office of Chief of Staff												
Chief of Staff		102,578	141,659									
Administrative Secretary III		51,503	77,011									
<b>Sub-total Ofc of Chief of Staff</b>	0.00	154,081	218,670	0.00	0	0	0.00	0	0	0.00	0	0
Division of Agricultural Affairs												
Deputy Chief of Staff		79,612	113,633									
<b>Sub-total Div of Ag Affairs</b>	0.00	79,612	113,633	0.00	0	0	0.00	0	0	0.00	0	0
<b>TOTAL COUNTY EXECUTIVE</b>	<b>0.00</b>	<b>233,693</b>	<b>332,303</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>ADMINISTRATION</b>												
Facilities & Operations												
Supervisor, Central Services				(1.00)	(55,317)	(78,334)						
Building Maintenance Mechanic II	1.00	45,483	72,269									
Building Maintenance Worker I	1.00	25,901	37,818									
Building Maintenance Worker II	1.00	46,768	70,992									
Custodial Worker I	1.00	22,646	43,874				(0.50)	(11,654)	(29,002)			
Special Police Officer	1.00	32,650	53,210									
<b>Sub-total Facilities &amp; Ops</b>	5.00	173,448	278,163	(1.00)	(55,317)	(78,334)	(0.50)	(11,654)	(29,002)	0.00	0	0
Central Services												
Supervisor, Central Services				1.00	58,680	85,757						
Administrative Assistant I	1.00	32,650	44,746									
<b>Sub-total Central Services</b>	1.00	32,650	44,746	1.00	58,680	85,757	0.00	0	0	0.00	0	0
Risk Management												
Programmer Analyst I	1.00	71,342	90,567									
<b>Sub-total ISA</b>	1.00	71,342	90,567	0.00	0	0	0.00	0	0	0.00	0	0
<b>TOTAL ADMINISTRATION</b>	<b>7.00</b>	<b>277,440</b>	<b>413,476</b>	<b>0.00</b>	<b>3,363</b>	<b>7,423</b>	<b>(0.50)</b>	<b>(11,654)</b>	<b>(29,002)</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>PROCUREMENT</b>												
Procurement Operations												
Purchasing Agent III				1.00	60,652	87,957						
<b>Sub-total Procurement Ops</b>	0.00	0	0	1.00	60,652	87,957	0.00	0	0	0.00	0	0
Property Management												
Property Manager				(1.00)	(57,523)	(83,075)						
Right-of-Way Agent II	1.00	54,010	71,564									
<b>Sub-total Property Mgmnt</b>	1.00	54,010	71,564	(1.00)	(57,523)	(83,075)	0.00	0	0	0.00	0	0
<b>TOTAL PROCUREMENT</b>	<b>1.00</b>	<b>54,010</b>	<b>71,564</b>	<b>0.00</b>	<b>3,129</b>	<b>4,882</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>

FY 2008 POSITION CHANGES												
	FULL TIME ABOLISH & CREATES			FULL TIME TRANSFERS			PART TIME ABOLISH & CREATES			PART TIME TRANSFERS		
	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe
<b>TREASURY</b>												
Office of the Treasurer												
Accounting Technician I				1.00	52,725	75,517						
Accountant II				(1.00)	(54,674)	(64,633)						
<b>Sub-total Ofc of the Treasurer</b>	0.00	0	0	0.00	(1,949)	10,884	0.00	0	0	0.00	0	0
Bureau of Accounting												
Accounting Technician I				1.00	49,703	69,233						
<b>Sub-total Bur of Accounting</b>	0.00	0	0	1.00	49,703	69,233	0.00	0	0	0.00	0	0
Bureau of Revenue Collections												
Accounting Technician I				(1.00)	(36,978)	(44,083)						
<b>Sub-total Bur of Revenue Coll</b>	0.00	0	0	(1.00)	(36,978)	(44,083)	0.00	0	0	0.00	0	0
Solid Waste Accounting												
Accounting Technician I				1.00	39,228	48,272						
Accounting Technician I				(1.00)	(49,682)	(69,536)						
<b>Sub-total Solid Waste Acctg</b>	0.00	0	0	0.00	(10,454)	(21,264)	0.00	0	0	0.00	0	0
<b>TOTAL TREASURY</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>322</b>	<b>14,770</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>PLANNING &amp; ZONING</b>												
Comprehensive Planning												
P & Z Division Chief	(1.00)	(97,844)	(132,432)									
<b>TOTAL PLANNING &amp; ZONING</b>	<b>(1.00)</b>	<b>(97,844)</b>	<b>(132,432)</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>COMMUNITY SERVICES</b>												
Community Development												
Grants Administrator	1.00	53,088	73,340									
<b>TOTAL COMMUNITY SERVICES</b>	<b>1.00</b>	<b>53,088</b>	<b>73,340</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>HOUSING AGENCY</b>												
Housing Services												
Housing Services Counselor	1.00	42,227	65,913									
<b>TOTAL HOUSING AGENCY</b>	<b>1.00</b>	<b>42,227</b>	<b>65,913</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>

FY 2008 POSITION CHANGES												
	FULL TIME ABOLISH & CREATES			FULL TIME TRANSFERS			PART TIME ABOLISH & CREATES			PART TIME TRANSFERS		
	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe
<b>SHERIFF'S OFFICE</b>												
Administration & Support												
Major				0.00	12,769	53,537						
Lieutenant				(1.00)	(78,027)	(97,481)						
Sergeant				1.00	77,105	124,450						
Corporal				0.00	7,135	3,885						
Applicant Investigator				1.00	46,897	70,394						
Records Clerk II				(1.00)	(32,114)	(41,969)						
<b>Sub-total Admin &amp; Support</b>	0.00	0	0	0.00	33,765	112,816	0.00	0	0	0.00	0	0
Patrol Operations												
Major				0.00	16,090	38,155						
Lieutenant				1.00	96,600	167,517						
Sergeant				0.00	3,085	10,444						
Corporal				0.00	16,712	32,385						
Deputy First Class				(1.00)	(39,891)	(47,951)						
Deputy				4.00	186,217	301,624						
Deputy Recruit				(1.00)	(39,335)	(68,667)						
<b>Sub-total Patrol Operations</b>	0.00	0	0	3.00	239,478	433,507	0.00	0	0	0.00	0	0
Investigative Services												
Major				0.00	5,292	19,438						
Lieutenant				0.00	8,227	18,728						
Corporal				0.00	25,752	80,125						
Deputy First Class				0.00	7,113	16,913						
Command Staff Secretary				(1.00)	(43,148)	(64,592)						
Records Clerk II				1.00	34,064	45,640						
<b>Sub-total Investigative Svcs</b>	0.00	0	0	0.00	37,300	116,252	0.00	0	0	0.00	0	0
Correctional Services						0						
Steward				(1.00)	(39,270)	(61,879)						
Records Clerk II				0.00	10,670	14,688						
<b>Sub-total Correctional Svcs</b>	0.00	0	0	(1.00)	(28,600)	(47,191)	0.00	0	0	0.00	0	0
Court Services												
Lieutenant				0.00	11,333	12,361						
Corporal				0.00	6,106	9,147						
Deputy First Class				(1.00)	(60,073)	(92,634)						
Deputy				(2.00)	(79,826)	(138,906)						
Records Clerk II				1.00	37,235	59,940						
<b>Sub-total Court Services</b>	0.00	0	0	(2.00)	(85,225)	(150,092)	0.00	0	0	0.00	0	0
<b>TOTAL SHERIFF'S OFFICE</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>196,718</b>	<b>465,292</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>

FY 2008 POSITION CHANGES												
	FULL TIME ABOLISH & CREATES			FULL TIME TRANSFERS			PART TIME ABOLISH & CREATES			PART TIME TRANSFERS		
	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe
<b>EMERGENCY OPERATIONS</b>												
Administration Management Assistant II	1.00	74,727	95,090									
<b>TOTAL EMERGENCY OPERATIONS</b>	<b>1.00</b>	<b>74,727</b>	<b>95,090</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>PUBLIC WORKS</b>												
Water Resources												
Civil Engineer II	1.00	80,233	101,779									
Engineering Associate I	1.00	30,851	52,534									
<b>Sub-total Water Resources</b>	<b>2.00</b>	<b>111,084</b>	<b>154,313</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
Environmental Affairs - Recycling												
Laborer	1.00	33,186	59,224									
Equipment Operator	1.00	31,836	42,959									
<b>Sub-total Recycling</b>	<b>2.00</b>	<b>65,022</b>	<b>102,183</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>TOTAL PUBLIC WORKS</b>	<b>4.00</b>	<b>176,106</b>	<b>256,496</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>COUNTY COUNCIL</b>												
Council Office												
Council Auditor	1.00	78,648	112,444									
<b>Sub-total Council Office</b>	<b>1.00</b>	<b>78,648</b>	<b>112,444</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
Board of Appeals & Rezoning												
Zoning Hearing Examiner							(0.50)	0	0			
<b>Sub-total Bd of Appeals</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>(0.50)</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
Cultural Arts Board												
Cultural Arts Board Coordinator							0.50	24,488	44,690			
<b>Sub-total Cultural Arts</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.50</b>	<b>24,488</b>	<b>44,690</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>TOTAL COUNTY COUNCIL</b>	<b>1.00</b>	<b>78,648</b>	<b>112,444</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>24,488</b>	<b>44,690</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>JUDICIAL</b>												
Masters												
Administrative Assistant I	2.00	65,316	108,930									
<b>TOTAL JUDICIAL</b>	<b>2.00</b>	<b>65,316</b>	<b>108,930</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>

FY 2008 POSITION CHANGES												
	FULL TIME ABOLISH & CREATES			FULL TIME TRANSFERS			PART TIME ABOLISH & CREATES			PART TIME TRANSFERS		
	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe
<b>STATE'S ATTORNEY</b>												
Child Advocacy Center												
* Legal Specialist II	1.00	13,810	36,255									
<b>TOTAL STATE'S ATTORNEY</b>	<b>1.00</b>	<b>13,810</b>	<b>36,255</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>PARKS &amp; RECREATION</b>												
Administration												
Secretary I	1.00	27,466	48,253									
<b>Sub-total Administration</b>	<b>1.00</b>	<b>27,466</b>	<b>48,253</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>
Parks & Facilities												
Custodial Worker II	3.00	80,148	130,073				0.00	(771)	7,743			
Park Maintenance Worker I	7.00	176,061	331,098									
Park Maintenance Worker II	1.00	26,094	48,388									
Park Maintenance Mechanic I	1.00	49,039	77,128									
<b>Sub-total Parks &amp; Facilities</b>	<b>12.00</b>	<b>331,342</b>	<b>586,687</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>(771)</b>	<b>7,743</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>TOTAL PARKS &amp; RECREATION</b>	<b>13.00</b>	<b>358,808</b>	<b>634,940</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>(771)</b>	<b>7,743</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>CONSERVATION OF NATURAL RESOURCES</b>												
Soil Conservation												
Engineering Associate IV	1.00	64,508	93,054									
Engineering Associate II	1.00	61,658	86,753									
<b>TOTAL NATURAL RESOURCES</b>	<b>2.00</b>	<b>126,166</b>	<b>179,807</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>ECONOMIC DEVELOPMENT</b>												
Office of Economic Development												
Tourism Manager				(1.00)	(62,622)	(87,426)						
<b>Sub-total Ofc of Econ Develop</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>(1.00)</b>	<b>(62,622)</b>	<b>(87,426)</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
Tourism												
Tourism Manager				1.00	66,436	92,101						
<b>Sub-total Tourism</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>1.00</b>	<b>66,436</b>	<b>92,101</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>3,814</b>	<b>4,675</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>TOTAL CHANGES TO GENERAL FUND</b>	<b>33.00</b>	<b>1,456,195</b>	<b>2,248,126</b>	<b>0.00</b>	<b>207,346</b>	<b>497,042</b>	<b>(0.50)</b>	<b>12,063</b>	<b>23,431</b>	<b>0.00</b>	<b>0</b>	<b>0</b>

\*Legal Specialist II position funded by grant until 1/31/08 - salary is offset for 16 pays

FY 2008 POSITION CHANGES												
	FULL TIME ABOLISH & CREATES			FULL TIME TRANSFERS			PART TIME ABOLISH & CREATES			PART TIME TRANSFERS		
	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe
<b>SOLID WASTE SERVICES</b>												
<b>PUBLIC WORKS</b>												
Solid Waste Management Equipment Operator	1.00	43,619	70,095									
<b>TOTAL PUBLIC WORKS</b>	<b>1.00</b>	<b>43,619</b>	<b>70,095</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>TOTAL CHANGES TO SOLID WASTE SERVICES</b>	<b>1.00</b>	<b>43,619</b>	<b>70,095</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>HIGHWAYS FUND</b>												
<b>PUBLIC WORKS</b>												
Engineering												
Civil Engineer I				1.00	42,420	66,373						
Engineering Associate IV	1.00	77,705	105,986									
<b>Sub-total Engineering</b>	<b>1.00</b>	<b>77,705</b>	<b>105,986</b>	<b>1.00</b>	<b>42,420</b>	<b>66,373</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
Construction Management												
Construction Inspector III				(1.00)	(38,649)	(60,641)						
Engineering Associate II	(1.00)	(57,567)	(79,126)									
Environmental Inspector II	1.00	35,907	59,702									
Construction Inspector II	1.00	49,704	76,727									
<b>Sub-total Construction Mgmnt</b>	<b>1.00</b>	<b>28,044</b>	<b>57,303</b>	<b>(1.00)</b>	<b>(38,649)</b>	<b>(60,641)</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
Highways Maintenance												
Laborer	6.00	131,886	267,918									
<b>Sub-total Hwy Maintenance</b>	<b>6.00</b>	<b>131,886</b>	<b>267,918</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>TOTAL PUBLIC WORKS</b>	<b>8.00</b>	<b>237,635</b>	<b>431,207</b>	<b>0.00</b>	<b>3,771</b>	<b>5,732</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>TOTAL CHANGES TO HIGHWAYS FUND</b>	<b>8.00</b>	<b>237,635</b>	<b>431,207</b>	<b>0.00</b>	<b>3,771</b>	<b>5,732</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>

FY 2008 POSITION CHANGES												
	FULL TIME ABOLISH & CREATES			FULL TIME TRANSFERS			PART TIME ABOLISH & CREATES			PART TIME TRANSFERS		
	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe	# of Positions	Salary	Salary & Fringe
<b>AG PRESERVATION - COUNTY</b>												
<b>PLANNING &amp; ZONING</b>												
P & Z Division Chief	1.00	97,844	132,432									
<b>TOTAL CHANGES TO AG PRES - COUNTY</b>	<b>1.00</b>	<b>97,844</b>	<b>132,432</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>WATER &amp; SEWER FUND</b>												
<b>PUBLIC WORKS</b>												
Engineering												
Drafting Tech Trainee	(1.00)	(24,424)	(43,198)	(1.00)	(25,924)	(35,086)						
Civil Engineer I	1.00	41,177	64,966									
<b>Sub-total Engineering</b>	<b>0.00</b>	<b>16,753</b>	<b>21,768</b>	<b>(1.00)</b>	<b>(25,924)</b>	<b>(35,086)</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
Maintenance												
Drafting Tech Trainee				1.00	27,487	38,098						
Utility Worker I	1.00	26,094	47,964									
<b>Sub-total Maintenance</b>	<b>1.00</b>	<b>26,094</b>	<b>47,964</b>	<b>1.00</b>	<b>27,487</b>	<b>38,098</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
Wastewater Processing												
Chief, W & S Operations				(0.10)	(5,834)	(4,859)						
Plant Operator W/WW				0.00	2,871	6,631						
Shift Supervisor/Plant Operator				0.00	4,777	9,829						
Plant Superintendent, W / WW				0.00	5,784	12,581						
Sr Plant Operator W / WW				0.00	6,898	15,420						
Asst Superintendent Plant Operator				0.00	5,315	11,001						
W / S Utility Worker III (non-cert'd)				0.00	793	2,995						
W / S Maintenance Supervisor				0.00	15,713	25,003						
<b>Sub-total Wastewater</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>(0.10)</b>	<b>36,317</b>	<b>78,601</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
Water Production												
Laboratory Assistant	1.00	30,851	53,901									
Sr Plant Operator W / WW	(1.00)	(38,649)	(61,039)									
Chief, W & S Operations				0.10	12,046	17,968						
W / WW Facility Mechanic Trainee				0.00	(2,142)	9,603						
W / S Maintenance Supervisor				0.00	827	1,252						
<b>Sub-total Wastewater</b>	<b>0.00</b>	<b>(7,798)</b>	<b>(7,138)</b>	<b>0.10</b>	<b>10,731</b>	<b>28,823</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>TOTAL PUBLIC WORKS</b>	<b>1.00</b>	<b>35,049</b>	<b>62,594</b>	<b>0.00</b>	<b>48,611</b>	<b>110,436</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>TOTAL CHANGES TO WATER &amp; SEWER</b>	<b>1.00</b>	<b>35,049</b>	<b>62,594</b>	<b>0.00</b>	<b>48,611</b>	<b>110,436</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>TOTAL CHANGES TO ALL FUNDS</b>	<b>44.00</b>	<b>1,870,342</b>	<b>2,944,454</b>	<b>0.00</b>	<b>259,728</b>	<b>613,210</b>	<b>(0.50)</b>	<b>12,063</b>	<b>23,431</b>	<b>0.00</b>	<b>0</b>	<b>0</b>



**HARFORD COUNTY**  
**SPENDING AFFORDABILITY ADVISORY COMMITTEE**  
**REPORT TO THE COUNTY EXECUTIVE**  
**FOR FISCAL YEAR 2008**

**Members of the Committee**

C. Joseph Kelly, Jr., Chair

Jack Yost  
(Employee Union Representative)

Robert J. Jirsa  
(Chamber of Commerce)

John H. Cain

Jeffrey A. Potter

Glenn E. Ross

**Ex-Officio**  
Lester Guthorn

**Harford County Government Staff**

Lorraine T. Costello, Director of Administration

John Scotten, Treasurer

Kimberly Spence, Chief , Budget & Management Research

Cynthia M. Rahll, Executive Secretary

**I. Purpose**

The Spending Affordability Advisory Committee ("Committee") was created by Executive Order 92-2 and further amended by Executive Order 00-04. The Executive Order charged the Committee as follows:

- a. On or before February 15th of each year, the Committee shall submit a report to the County Executive with recommendations of fiscal goals for the County budget for the next fiscal year.
- b. The report shall contain fiscal goal recommendations for the next fiscal year in the following areas:
  - i) Recommended level of County spending for operating funds
  - ii) Recommended level of new debt authorization
  - iii) Recommended level of unappropriated fund balance or retained earnings
  - iv) Any other findings or recommendations the Committee considers appropriate.

In discharging its responsibilities pursuant to the Executive Order, the Committee was cognizant of the need for a Report which, when based purely upon the consensus findings and conclusions of the Committee, would be used as a tool by Harford County Government in

assisting the budgeting as well as other processes. The resulting methodology is similar to that which has historically been utilized to predict anticipated revenue growth. The Committee primarily used publicly available data with realistic and recognized methodology in its analysis. The Committee had no preconceived intentions as to the findings or recommendations contained herein.

## **II. Methodology and Background**

### **A. Methodology, Background and Data Studied**

This is the fifteenth year of reporting under the County's Executive Order creating the Committee. We were very fortunate that the composition of the Committee consisted of returning members who worked well together to meet this task with a broad base of relevant experience. Therefore, we were able to focus all our efforts on our primary charges.

Over the fifteen years of operation, the Committee has formulated a methodology for adopting a guideline of the percentage increase in spending affordability for the County. The Committee again decided to follow the traditional "budget based" estimate of spending affordability. That is, estimating a level of revenue that will become available, through the collection of taxes and fees, assuming no increase in applicable rates not already enacted or announced. This approach contrasts methodologies adopted by certain other jurisdictions which are typically defined as estimating spending levels tied to citizens' ability to pay for additional services.

We also utilized information from the following sources:

- Income tax collections for Harford County, through February, 2007, provided by the Harford County Treasurer
- Property tax collections, and estimates, for Harford County, through FY 2007, provided by the Harford County Treasurer
- Approved Harford County Annual Operating and Capital Budgets - In - Brief 2005-2006

## B. Selected Method - Further Qualifications

The Committee reviewed, in detail, FY 2006 revenue estimates for the property tax and the local income tax. Collectively, property and income tax collections represent approximately 90% of total General Fund revenues to the County. The Committee reviewed historical data, developed trends, and forecasted revenues for both FY 2007 and FY 2008 from these two revenue sources.

During proceedings nine years ago, the County made available to the Committee, an analysis of income tax distributions for local government prepared by the State Comptroller of the Treasury dated January, 1995. This report studied unemployment rate trends, income tax collections and taxable returns by income class over the last several years. The report revealed that there is a significant lagging effect in the collection of income tax revenues and subsequent distributions from the State to jurisdictions. Specifically, during our current fiscal year, FY 2007, Harford County is still receiving distributions from the tax year ending 2005. The Committee has gained an appreciation for how the lag effect should impact our projections of income tax collections growth. As new income tax information becomes available from the State, the Committee may revise its forecasts. This source of income for the County has historically been the most difficult for the Committee to forecast.

Due to a lack of historical patterns, the Committee presumed no significant changes in other revenue sources, such as licensing, permit, investment income, and miscellaneous fees, or in miscellaneous State funding, such as police or law enforcement aid. The Committee also considered no increases, or decreases, in federal funding. However, the Committee specifically cites the existence of \$19.9 million in appropriated fund balance from the FY 2006 audit and \$2.96 million in other one time revenues. The Committee understands the County

utilizes these non-recurring sources of funds to pay for one time expenditures and therefore are not included in the base year for growth calculations.

The Committee also reviewed the FY 2007 General Operating Budget as a necessary step in carrying out its charge to recommend a FY 2008 spending level. It was necessary to adjust the FY 2007 General Operating Budget to reflect the reduction of the appropriated fund balance equal to \$19.9 million and a further reduction of \$2.96 million for other one time revenues. Our approach has been to estimate annual recurring revenue, therefore excluding non-recurring sources of funds. This has been an adjustment we have historically made to exclude these non-recurring sources of funds. This adjustment yielded an Adjusted FY 2007 General Operating Budget of \$387.2 million.

### C. Debt Authorization

The Committee has reviewed the County's Business Plan. The Business Plan includes a discussion of strategic capital planning and sets overall objectives for issuance of debt and debt service loads. The Committee concurs in those objectives and the reasoning set forth in the Business Plan, and considers the objectives both reasonable and conservative, particularly when compared to other jurisdictions.

While the Committee recognizes the County's obvious strength in the management of the debt service levels with regard to the General Fund, the Committee would be remiss in ignoring potential impacts to the General Fund from other sources. The Water and Sewer Operating Fund was established as a self-sustaining utility to provide for water and sewer services for Harford County. Revenue from users covers costs of providing these services. However, the Committee is aware that the Water and Sewer Operating Fund may incur payments for debt service before repayment by consumers is realized. The General Fund must be used to satisfy any unpaid debt service in that fund should such a situation ever arise.

#### D. Fund Balance

The Committee reviewed the County's practice of maintaining an unappropriated fund balance of approximately five percent of the annual General Operating Fund Budget. The Committee endorses maintaining this practice for a number of reasons. The reader should note that, in practice, the County actually appropriates the money and creates a "Reserve for Credit Rating Purposes". This reserve acts as funds that could be used by the County to fund revenue shortfalls. As a reserve, it may only be used by legislative action. The credit rating agencies have endorsed this practice and the Committee feels it is within the spirit of what we are recommending.

First, the five percent unappropriated balance helps to ensure healthy County operations and services during recessionary conditions or due to unexpected shortfalls in revenue. This has been well illustrated in the recent snowstorms in the area. Our operating budget is tight due the lower tax revenue levels yet the County is faced with unexpected costs for snow removal. Recent years have proven to be difficult and turbulent times in which to manage County Government. The wisdom of conservatively managing expenditures and planning for the possibility of economic downturns, or other uncontrollable and unexpected economic forces in recent years, has allowed for steady and consistent operation.

Second, the fund balance contributes to Harford County's enviable bond ratings, which are especially important in this current economy. In rating the County's credit worthiness, some of the rating agencies have cited the fund balance as a source of financial strength.

The Committee believes ending balances in excess of five percent should, under normal circumstances, be applied to subsequent budget years.

### **III. Recommendations**

#### **Operating Budget**

Based upon our review and analysis procedures already outlined, the Committee recommends that the FY 2008 General Operating Budget not exceed the FY 2007 Adjusted General Operating Budget, of \$387.2 million, by more than 8.0%. This represents approximately \$418.2 million in ongoing revenues but excludes approximately \$22.7 million in one-time funds reflected in the FY 06 audit. As discussed above, the conditions present in calendar year 2006 will impact directly the revenues of FY2008. In recent years, County revenues have been hampered by a substantial decrease in the capital gains tax and other income tax related areas. The Committee is optimistic that these factors will improve in FY 2008, however, future years could still see volatility in this area. The Committee was more optimistic about the economy in calendar year 2006 and we believe the County will experience growth in income tax and property tax revenues. However, the County must include incremental increases for the unappropriated fund balance (Reserve for Credit Rating Purposes) and debt service requirements in this recommended increase.

#### **Debt Authorization**

The Committee suggests that the plan to limit FY 2008 debt service expenditures to no more than five percent of the General Fund operating budget meets a standard that has been recognized as affordable by rating agencies. The Committee recognizes the importance of a conservative approach to debt authorization, as such financial policies will continue to contribute to Harford County's strong bond rating.

As the County issues new debt, the Committee strongly urges the Administration to consider potential impacts to debt service from other funds. The Committee will continue to study this process each year.

### Fund Balance

The Committee recommends that the unappropriated fund balance (Reserve for Credit Rating Purposes) be maintained at five percent of the General Fund Operating Budget.

### Additional Recommendations

The Committee's recommendation that spending increase by not more than 8.0%, over the Adjusted FY 2007 General Operating Budget of \$387.2 million, is based upon its assessment of available revenues and estimated increases in certain FY 2007 revenues over projections. The report has been delayed from its traditional delivery around the first part of February. This delay was the result of the desire of the Committee to see the Income Tax distribution from the State for the month of February.

The Committee believes that its recommendations and forecasts should be reviewed and tested at year-end FY 2007 and throughout FY 2008 as it prepares its recommendations for FY 2009. This is particularly important as there continues to be uncertainty in the markets.

Revisions in revenue estimates prepared by State or County agencies, or supplemental budget authorizations occurring after the date of our report, may require adjustment to these recommendations. The Committee reviewed the income tax distributions through February 2007 to arrive at its growth figures. In its analysis the Committee believed FY 2007 income tax revenue would grow by 4.2% and FY 2008 income tax revenue would grow by an additional 6.0%.

Typically, this Committee's focus has been on income tax revenues and property tax revenues. We have typically assumed static balances in the other budget areas but have tried to make the County aware of any significant areas of concern. The rapid drop in market interest rates have been a major help in reducing the cost of the County's debt, however, it has had a major impact on the County's investment



portfolio. Cash received from revenues is invested in short term securities until it is needed during the fiscal year. Given the size of the County budget, this investment portfolio can be quite large during the year. Interest earned on the portfolio is expected to provide additional revenue to cover expenses of the County. The rapid drop in interest rates has materially impacted the investment income of the County. The County should benefit from an increase in interest rates that have risen over the past two years. This is an area the County needs to continue to monitor in its FY 2008 plan.

A positive note in terms of interest rates has been a boom in the mortgage market, which has fueled income in recordation taxes, transfer taxes and other real estate related fees. In addition, resulting from the strong mortgage market, housing prices in the County are reaching record levels. This is translating into strong growth in real estate taxes as the new assessment process continues. The Committee estimates property tax revenue to grow over 11.4% in FY 2008.

Note that mortgage rates have risen over the past year and United States default rates are up. As rates rise, a negative impact could cause a decrease in real estate activities as well as property values. Because the assessment process involves a three year implementation schedule, any significant impact should not be realized in FY 2008 revenue.

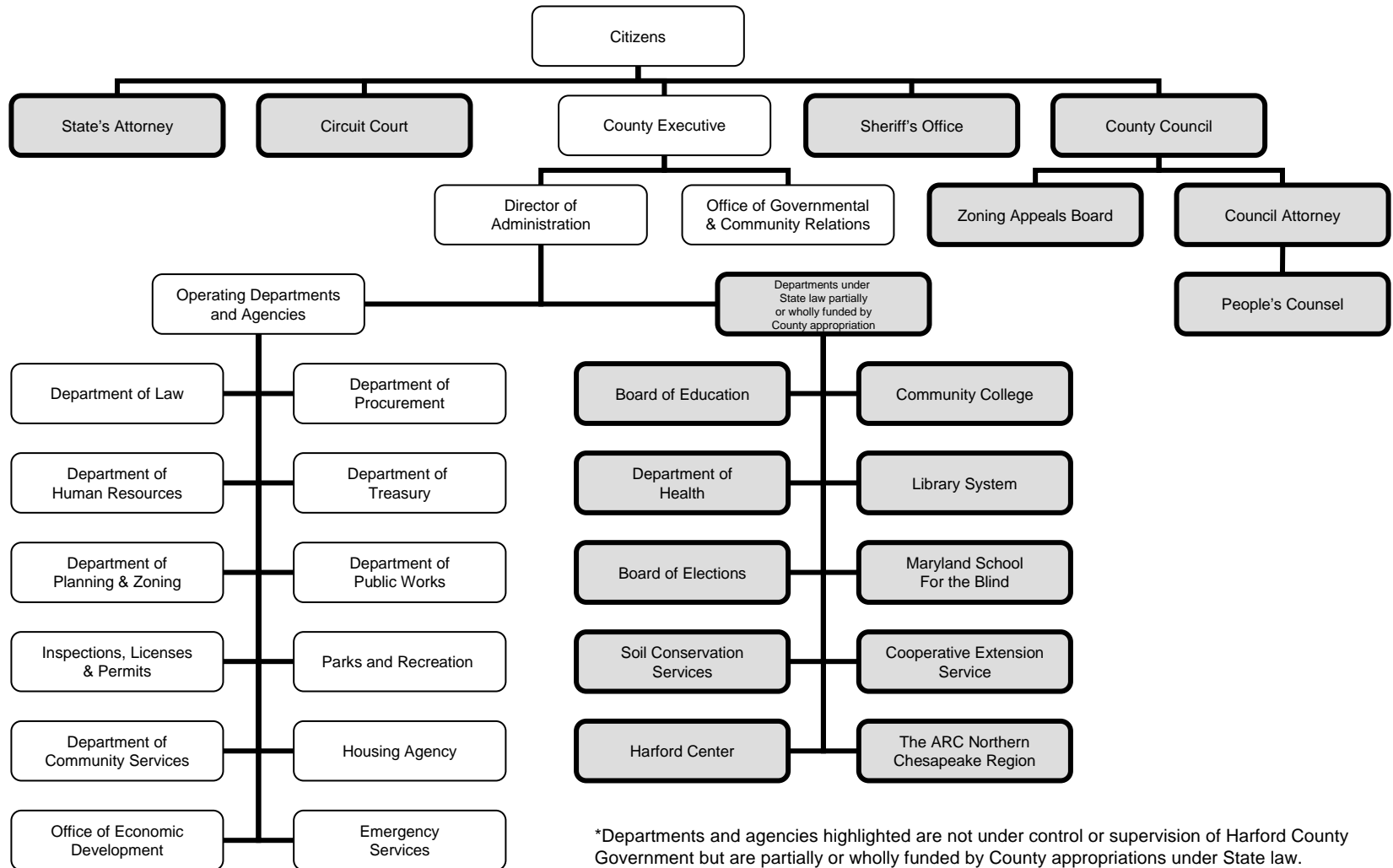
The Committee recognizes the County's need to utilize our forecasts in long range budget planning. Given the uncertainties cited in this report, the County should continually monitor conditions and not rely upon this report beyond the fiscal year for which it is intended.

#### **IV. Acknowledgments**

The Committee cannot complete its task without expressing its sincere appreciation to all County employees who assisted the Committee in this, its tenth endeavor. Particularly, the Committee wishes to thank Lorraine Costello, Director of Administration, John Scotten, Treasurer, and Kimberly Spence, Chief, Budget and Management Research, for their efforts in providing estimates and historical revenue data and for their careful and detailed explanations of the County's budgeting structure. The Committee also wishes to thank Cynthia Rahl for her efforts in coordinating the Committee's meetings and providing staff support.

March 27, 2007

# HARFORD COUNTY GOVERNMENT ORGANIZATION CHART



**FY 08 APPROVED ALL FUNDS  
REVENUE BREAKDOWN**

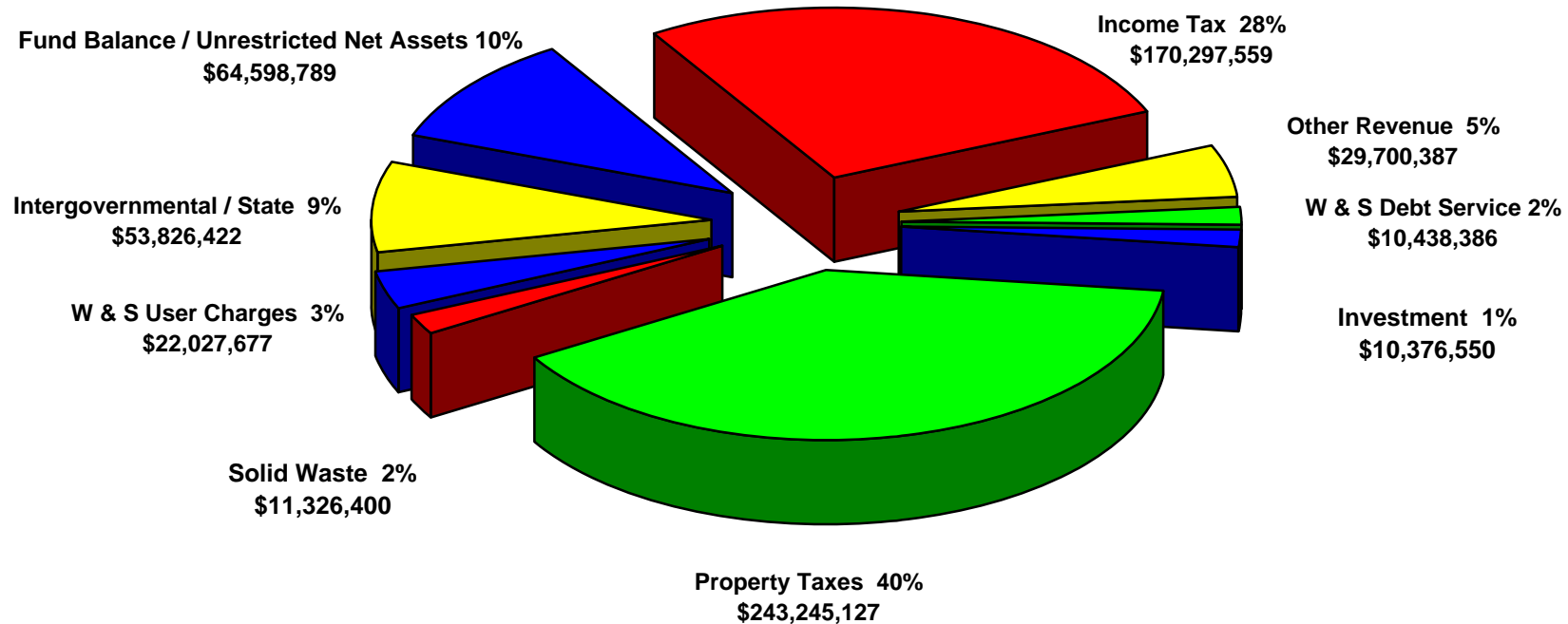
<b>PROPERTY TAXES:</b>	<b>40%</b>	<b>243,245,127</b>	<b>INCOME TAX</b>	<b>28%</b>	<b>170,297,559</b>
Real & Personal	254,222,200				
Transfer Tax	8,000,000		<b>W &amp; S USER CHARGES</b>	<b>3%</b>	<b>22,027,677</b>
Deductions	(18,977,073)				
<b>INTERGOVERNMENTAL / STATE:</b>	<b>9%</b>	<b>53,826,422</b>	<b>W &amp; S DEBT SERVICE:</b>	<b>2%</b>	<b>10,438,386</b>
Recordation Tax	20,659,414		Development	3,835,800	
Highways Users Tax	14,777,392		Capital Assessment	4,770,238	
Pro Rata	1,001,396		Capital Connections	1,588,198	
Other	17,388,220		Other	244,150	
<b>FUND BALANCE / UNRESTRICTED NET ASSETS:</b>	<b>10%</b>	<b>64,598,789</b>	<b>OTHER REVENUE:</b>	<b>5%</b>	<b>29,700,387</b>
General Fund Balance	25,657,817		Licenses/Permits	3,472,975	
Highways Fund Balance	5,346,290		Service Charges	12,789,636	
Ag Pres County Fund Balance	7,814,250		Fines & Forfeitures	155,000	
Ag Pres State Fund Balance	35,750		Miscellaneous	4,346,759	
Unrestricted Net Assets	15,463,432		Capital Recovery	2,250,000	
Contributed Capital	10,281,250		Other Taxes	6,686,017	
<b>SOLID WASTE:</b>	<b>2%</b>	<b>11,326,400</b>	<b>INVESTMENT</b>	<b>1%</b>	<b>10,376,550</b>
Waste to Energy	11,326,400				

<b>TOTAL ALL FUNDS REVENUES</b>	<b>615,837,297</b>
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# ALL FUNDS REVENUES

## Fiscal Year 2007 - 2008

### TOTAL APPROVED BUDGET \$615,837,297



**FY 08 APPROVED ALL FUNDS  
APPROPRIATIONS BREAKDOWN**

**GENERAL GOVERNMENT: 15% 93,748,133**

County Executive	1,959,289
Administration	13,221,520
Procurement	3,781,372
Treasury	4,259,441
Law	1,949,593
Planning & Zoning	16,983,225
Human Resources	2,247,536
Community Services	7,501,919
Handicap Centers	2,294,716
Gov't. & Community Relations	588,463
Health	3,739,555
Housing	713,207
Council	2,404,701
Judicial	2,907,350
State's Attorney	5,015,189
Elections	1,686,995
Parks & Recreation	10,749,737
Natural Resources	585,994
Economic Development	2,682,982
Insurance	1,167,106
Benefits	4,476,266
Appropriation to Towns	1,831,977
Closure Reserve	850,000
Rural Legacy Program	50,000
Contingency Reserve	100,000

**WATER & SEWER OPER: 7% 39,625,195**

Treasury	750,752
Personnel Matters	378,100
Public Works	38,090,655
Insurance	253,376
Benefits	152,312

**SOLID WASTE MGT: 2% 12,732,087**

Public Works	12,732,087
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**EDUCATION: 35% 215,468,543**

Board of Education	32%	199,614,800
Harford Community College	3%	15,778,743
School for the Blind		75,000

**PUBLIC SAFETY: 14% 88,175,047**

Sheriff	60,600,332
Emergency Services	10,474,476
Volunteer Fire Companies	8,383,375
Inspections, Licenses & Permits	4,129,058
Environmental Affairs	3,404,677
Water Resources	1,183,129

**HIGHWAYS: 7% 45,159,953**

Fleet Management	9,107,279
Personnel Matters	591,900
Public Works	34,520,223
Insurance	310,847
Benefits	429,704
Contingency Reserve	200,000

**LIBRARIES 3% 15,705,461**

**PAYGO: 5% 31,580,891**

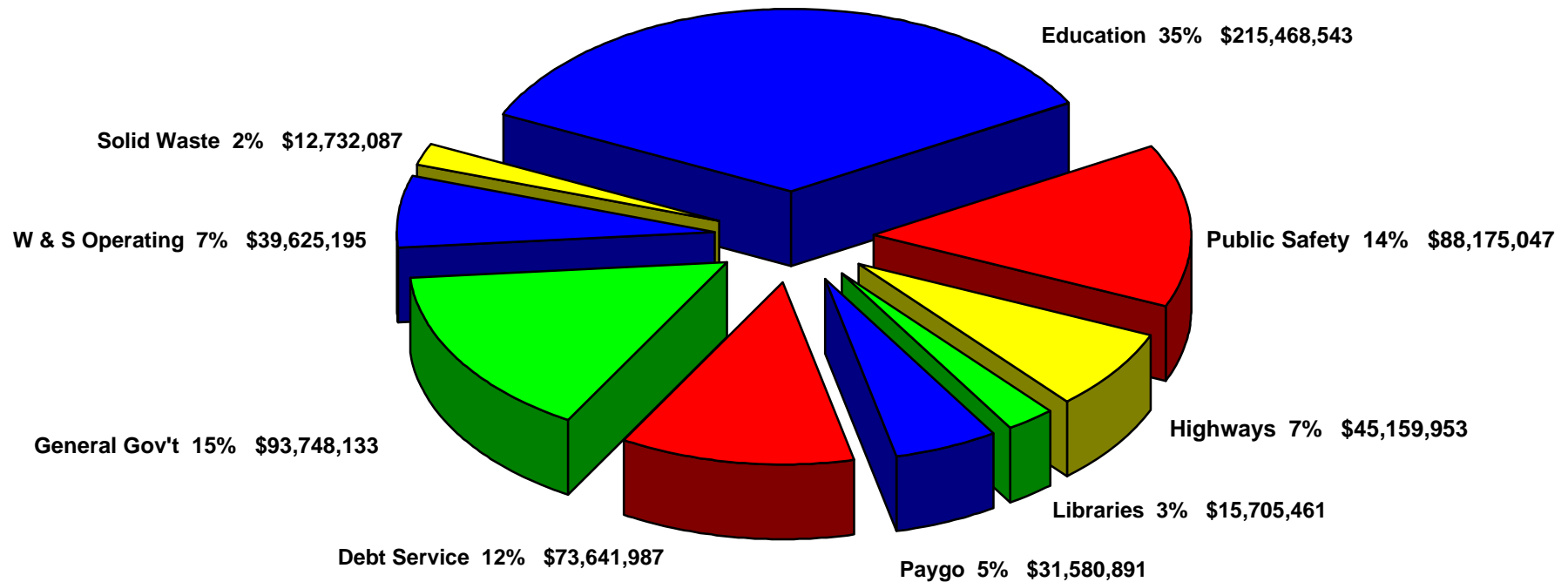
General	17,126,891
Highways	12,654,000
Water & Sewer	1,800,000

**DEBT SERVICE: 12% 73,641,987**

General	37,176,551
AG Preservation - County	4,200,000
Highways	708,819
Water & Sewer Debt Service	24,949,970
Solid Waste Services	6,606,647

<b>TOTAL ALL FUNDS APPROPRIATIONS</b>	<b>615,837,297</b>
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**ALL FUNDS  
APPROPRIATIONS  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$615,837,297**



## ALL FUNDS SUMMARY

### ALL FUNDS SUMMARY:

		AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
<b><u>SUMMARY BY CHARACTER:</u></b>						
10	PERSONAL SERVICES	96,122,310	103,515,121	126,103,602	144,697,717	144,770,149
20	CONTRACTUAL SERVICES	27,787,397	31,404,693	41,962,726	45,048,369	45,126,569
30	SUPPLIES & MATERIALS	9,817,658	11,301,897	16,088,214	16,469,904	16,469,904
40	BUSINESS & TRAVEL	7,346,462	8,564,273	10,012,604	10,553,171	10,553,171
50	CAPITAL OUTLAY	10,725,725	9,704,529	13,978,146	18,420,417	18,287,985
60	DEBT SERVICE	39,197,295	49,955,276	51,598,335	72,692,493	72,910,787
70	MISCELLANEOUS	233,874,246	281,403,517	295,059,608	302,197,488	306,973,732
80	INTER-GOVERNMENTAL EXPENSES	499,153	598,346	745,000	745,000	745,000
	<b>GRAND TOTAL</b>	<b>425,370,246</b>	<b>496,447,652</b>	<b>555,548,235</b>	<b>610,824,559</b>	<b>615,837,297</b>

<b><u>SUMMARY BY FUND:</u></b>						
11	GENERAL	313,003,819	368,247,723	410,093,871	447,974,631	452,729,169
25	HIGHWAYS	43,512,780	50,475,612	61,157,265	58,519,072	58,522,772
26	PARKS AND RECREATION	771,280	675,293	853,203	946,457	946,457
27	AG PRESERVATION - COUNTY	7,723,252	5,949,220	10,750,000	17,200,000	17,200,000
28	AG PRESERVATION - STATE	0	353,592	725,000	725,000	725,000
51	WATER & SEWER OPERATING	34,113,814	36,568,497	38,790,437	41,170,695	41,425,195
53	WATER & SEWER DEBT SERVICE	11,861,788	17,775,974	13,726,081	24,949,970	24,949,970
55	SOLID WASTE SERVICES	14,383,513	16,401,741	19,452,378	19,338,734	19,338,734
	<b>GRAND TOTAL</b>	<b>425,370,246</b>	<b>496,447,652</b>	<b>555,548,235</b>	<b>610,824,559</b>	<b>615,837,297</b>



## ALL FUNDS SUMMARY

### ALL FUNDS SUMMARY:

		AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
	<b><u>SUMMARY BY DEPARTMENT:</u></b>					
01	COUNTY EXECUTIVE	807,353	979,597	1,292,439	2,025,693	1,959,289
02	ADMINISTRATION	9,765,789	10,545,033	12,118,511	13,115,684	13,221,520
03	PROCUREMENT	5,169,202	6,154,264	11,188,268	12,888,651	12,888,651
04	TREASURY	3,736,415	3,922,887	4,732,092	5,010,193	5,010,193
05	LAW	1,370,282	1,456,373	1,812,918	1,949,593	1,949,593
06	PLANNING AND ZONING	7,151,229	5,442,076	10,492,843	17,115,657	16,983,225
08	HUMAN RESOURCES	1,680,090	2,405,803	2,976,755	3,217,536	3,217,536
09	COMMUNITY SERVICES	4,708,922	5,148,703	6,539,223	7,501,919	7,501,919
14	HANDICAPPED CARE CENTERS	1,378,090	1,780,890	2,094,716	2,294,716	2,294,716
15	GOVERNMENTAL & COMMUNITY RELATIONS	401,571	426,163	552,447	588,463	588,463
16	HEALTH	3,524,607	3,773,240	3,584,168	3,739,555	3,739,555
17	HOUSING AGENCY	546,059	443,008	573,232	713,207	713,207
21	SHERIFF'S OFFICE	39,258,834	44,090,291	51,446,307	60,600,332	60,600,332
22	EMERGENCY SERVICES	10,116,933	13,061,559	15,486,820	18,857,851	18,857,851
26	INSPECTIONS, LICENSES & PERMITS	3,155,796	3,345,991	3,927,162	4,129,058	4,129,058
30	PUBLIC WORKS	68,818,259	73,840,714	86,366,242	89,899,571	89,930,771
40	COUNTY COUNCIL	1,499,007	1,620,483	1,849,949	2,354,701	2,404,701
41	JUDICIAL	2,255,100	2,458,783	2,677,118	2,907,350	2,907,350
43	STATE'S ATTORNEY	3,737,152	4,126,049	4,676,468	5,015,189	5,015,189
48	ELECTIONS	1,331,669	1,020,436	1,971,846	1,686,995	1,686,995
54	BOARD OF EDUCATION	154,702,317	175,414,800	189,414,800	197,714,800	199,614,800
56	HARFORD COMMUNITY COLLEGE	12,278,743	13,778,743	14,778,743	15,778,743	15,778,743
57	MARYLAND SCHOOL FOR THE BLIND	38,891	63,677	75,000	75,000	75,000
58	LIBRARIES	11,646,499	13,105,781	14,361,956	15,705,461	15,705,461
59	PARKS AND RECREATION	7,056,842	7,811,531	9,632,830	10,739,737	10,749,737
63	CONSERVATION OF NATURAL RESOURCES	350,836	381,531	456,828	585,994	585,994
65	ECONOMIC DEVELOPMENT	1,816,073	2,066,062	2,569,804	2,656,982	2,682,982
66	DEBT SERVICE	40,311,529	50,217,904	52,329,535	73,423,693	73,641,987
67	INSURANCE	725,716	619,323	1,256,498	1,731,329	1,731,329
68	BENEFITS	1,333,573	2,743,960	6,228,516	5,058,282	5,058,282
70	PAYGO / APPROPRIATION TO TOWNS	24,696,868	44,201,997	37,784,201	31,442,624	34,312,868
90	RESERVE FOR CONTINGENCIES	0	0	300,000	300,000	300,000
	<b>GRAND TOTAL</b>	<b>425,370,246</b>	<b>496,447,652</b>	<b>555,548,235</b>	<b>610,824,559</b>	<b>615,837,297</b>

### SUMMARY OF GRANT BUDGET

**2,669,806**

## ALL FUNDS SUMMARY

### ALL FUNDS SUMMARY:

	AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
<b><u>SUMMARY BY REVENUE SOURCE:</u></b>					
PROPERTY TAXES	190,404,505	206,060,700	220,305,796	243,245,127	243,245,127
INCOME TAXES	145,483,527	152,086,523	161,304,138	170,297,559	170,297,559
W & S USER CHARGES	19,708,661	20,977,867	21,500,355	22,027,677	22,027,677
WASTE TO ENERGY PLANT	10,863,025	11,071,720	11,181,259	11,326,400	11,326,400
W & S DEBT SERVICE	15,913,303	13,125,217	10,857,831	10,438,386	10,438,386
INTERGOVERNMENTAL/STATE-SHARED	35,419,500	43,624,909	46,955,610	53,826,422	53,826,422
INVESTMENT INCOME	7,986,852	8,683,303	8,681,195	10,376,550	10,376,550
FUND BAL APPROP/UNRESTRICT NET ASSETS	0	0	39,450,380	59,586,051	64,598,789
OTHER REVENUE	<u>26,718,559</u>	<u>29,670,412</u>	<u>35,311,671</u>	<u>29,700,387</u>	<u>29,700,387</u>
<b>GRAND TOTAL</b>	<b><u>452,497,932</u></b>	<b><u>485,300,651</u></b>	<b><u>555,548,235</u></b>	<b><u>610,824,559</u></b>	<b><u>615,837,297</u></b>

FY 08 Approved Budget                      \$615,837,297

FY 07 Approved Budget                      \$555,548,235

\$ growth    \$60,289,062

% growth    10.85%

# GENERAL

<p align="center"><b>FY 08 APPROVED GENERAL FUND REVENUE BREAKDOWN</b></p>
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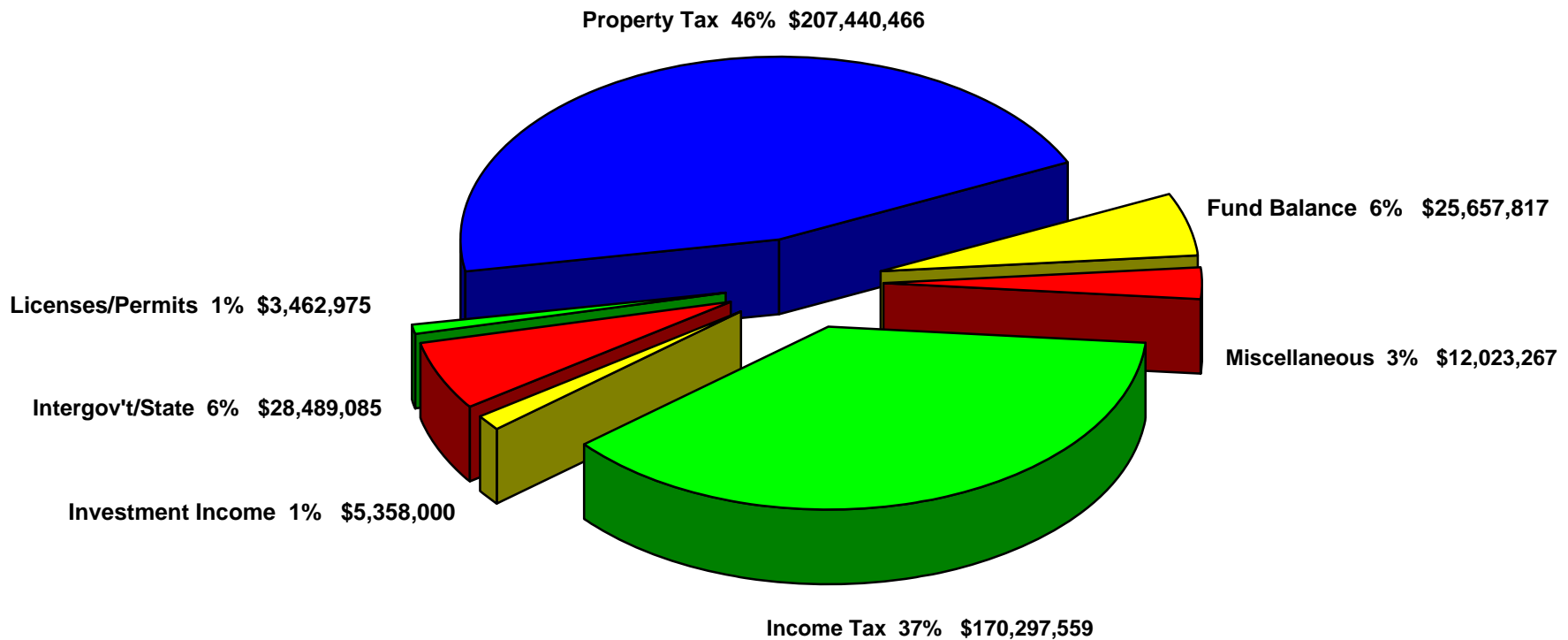
<b>PROPERTY TAX:</b>	<b>46%</b>	<b>207,440,466</b>	<b>INCOME TAX</b>	<b>37%</b>	<b>170,297,559</b>
Real & Personal	226,254,411				
Deductions	(18,813,945)				
<b>FUND BALANCE</b>	<b>6%</b>	<b>25,657,817</b>	<b>INTERGOVERNMENTAL / STATE:</b>	<b>6%</b>	<b>28,489,085</b>
			Intergovernmental	3,079,767	
			Intra-County	3,977,582	
<b>INVESTMENT INCOME</b>	<b>1%</b>	<b>5,358,000</b>	Pro Rata	4,269,792	
			Recordation	17,161,944	
<b>MISCELLANEOUS:</b>	<b>3%</b>	<b>12,023,267</b>	<b>LICENSES &amp; PERMITS</b>	<b>1%</b>	<b>3,462,975</b>
Other Taxes	6,686,017				
Service Charges	4,889,750				
Fines & Forfeitures	126,000				
Miscellaneous Revenues	321,500				

<p><b>TOTAL GENERAL FUND REVENUES</b></p>	<p><b>452,729,169</b></p>
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# GENERAL FUND REVENUES

## Fiscal Year 2007 - 2008

### TOTAL APPROVED BUDGET \$452,729,169



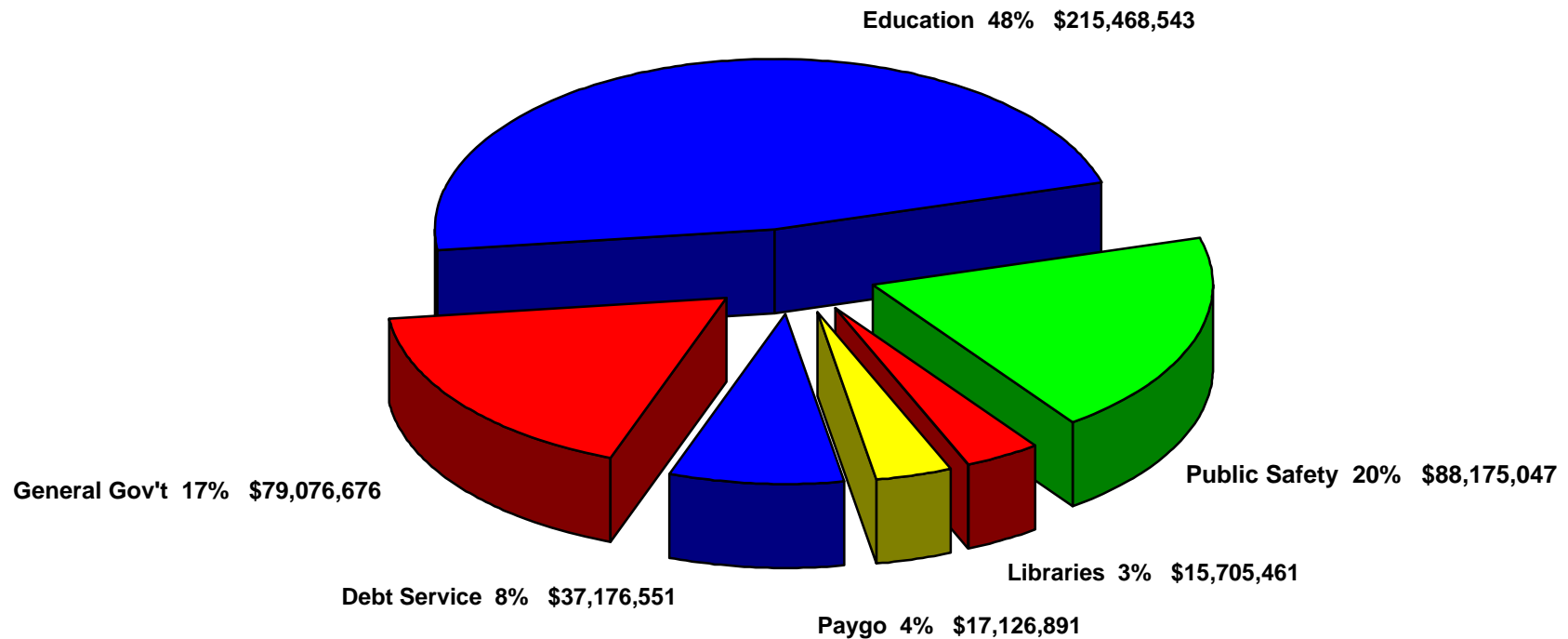
<p align="center"><b>FY 08 APPROVED GENERAL FUND APPROPRIATIONS BREAKDOWN</b></p>
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<b>GENERAL GOVERNMENT:</b>	<b>17%</b>	<b>79,076,676</b>	<b>EDUCATION:</b>	<b>48%</b>	<b>215,468,543</b>
County Executive	1,959,289		Board of Education	44%	199,614,800
Administration	13,221,520		Harford Community College	4%	15,778,743
Procurement	3,781,372		School for the Blind		75,000
Treasury	4,259,441				
Law	1,949,593				
Planning & Zoning	3,258,225		<b>PUBLIC SAFETY:</b>	<b>20%</b>	<b>88,175,047</b>
Human Resources	2,247,536				
Community Services	7,501,919		Sheriff		60,600,332
Handicap Centers	2,294,716		Emergency Services		10,474,476
Gov't. & Community Relations	588,463		Volunteer Fire Companies		8,383,375
Health	3,739,555		Inspections, Licenses & Permits		4,129,058
Housing	713,207		Environmental Affairs		3,404,677
Council	2,404,701		Water Resources		1,183,129
Judicial	2,907,350				
State's Attorney	5,015,189		<b>LIBRARIES</b>	<b>3%</b>	<b>15,705,461</b>
Elections	1,686,995				
Parks & Recreation	9,803,280		<b>PAYGO</b>	<b>4%</b>	<b>17,126,891</b>
Natural Resources	585,994				
Economic Development	2,682,982		<b>DEBT SERVICE</b>	<b>8%</b>	<b>37,176,551</b>
Insurance	1,167,106				
Benefits	4,476,266				
Appropriation to Towns	1,831,977				
Closure Reserve	850,000				
Rural Legacy Program	50,000				
Contingency Reserve	100,000				

<p><b>TOTAL GENERAL FUND APPROPRIATIONS</b></p>
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**452,729,169**

**GENERAL FUND  
APPROPRIATIONS  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$452,729,169**



## GENERAL FUND

### ORIGIN/PURPOSE:

The Harford County Charter, Article V Budget and Finance, Section 502. (b) defines the term "County funds" to mean "any money appropriated or approved by the Council to which the County may at any time have legal or equitable title."

The General Fund is the principal operating fund for Harford County Government and encompasses all financial resources and activities, not required by law or County policy, to be maintained in another specific fund. General Fund appropriations are used primarily to finance the administrative activities of County Government to provide services to its citizens. In addition, the allocation of County funds in support of the Board of Education, the Library system, Harford Community College, the Health Department, some State agencies, and certain non-profit and/or community programs, is made from the General Fund.

Charter Section 523 (b) also states "No general fund revenues or receipts shall be dedicated to, expended for, or used to supplement appropriations from a special fund except as a loan to such special fund."

Property Taxes are the largest source of General Fund revenue, followed by Income Taxes. Other sources include licenses, permits, fines, forfeitures, investments, rental income, sales, services and charges to user agencies, other local taxes, and State shared revenue. Any excess unappropriated fund balance realized at the end of a fiscal year, above the 5% Unappropriated General Fund Balance maintained by County policy, is appropriated into the next fiscal year's budget and treated as one-time funding for that fiscal year.

### FUND SUMMARY:

		AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
	<b><u>SUMMARY BY CHARACTER:</u></b>					
10	PERSONAL SERVICES	69,969,834	75,999,059	93,730,298	109,190,465	109,130,465
20	CONTRACTUAL SERVICES	14,024,885	15,031,420	21,372,887	23,591,476	23,661,476
30	SUPPLIES & MATERIALS	3,671,447	4,449,154	4,935,242	4,919,517	4,919,517
40	BUSINESS & TRAVEL	2,434,680	3,000,289	3,545,718	3,687,617	3,687,617
50	CAPITAL OUTLAY	2,909,816	3,252,324	3,027,257	1,877,649	1,877,649
60	DEBT SERVICE	18,796,452	22,771,618	27,155,178	36,657,307	36,875,601
70	MISCELLANEOUS	201,196,705	243,743,859	256,327,291	268,050,600	272,576,844
	<b>GRAND TOTAL</b>	<b><u>313,003,819</u></b>	<b><u>368,247,723</u></b>	<b><u>410,093,871</u></b>	<b><u>447,974,631</u></b>	<b><u>452,729,169</u></b>



## GENERAL FUND

### FUND SUMMARY:

	AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
<b><u>SUMMARY BY DEPARTMENT:</u></b>					
01 COUNTY EXECUTIVE	807,353	979,597	1,292,439	2,025,693	1,959,289
02 ADMINISTRATION	9,765,789	10,545,033	12,118,511	13,115,684	13,221,520
03 PROCUREMENT	703,186	704,869	2,904,082	3,781,372	3,781,372
04 TREASURY	3,085,011	3,269,467	3,907,236	4,259,441	4,259,441
05 LAW	1,370,282	1,456,373	1,812,918	1,949,593	1,949,593
06 PLANNING & ZONING	2,648,225	2,662,619	3,187,423	3,390,657	3,258,225
08 HUMAN RESOURCES	1,530,836	1,803,224	2,047,555	2,247,536	2,247,536
09 COMMUNITY SERVICES	4,708,922	5,148,703	6,539,223	7,501,919	7,501,919
14 HANDICAPPED CARE CENTERS	1,378,090	1,780,890	2,094,716	2,294,716	2,294,716
15 GOV'T & COMMUNITY RELATIONS	401,571	426,163	552,447	588,463	588,463
16 HEALTH	3,524,607	3,773,240	3,584,168	3,739,555	3,739,555
17 HOUSING AGENCY	546,059	443,008	573,232	713,207	713,207
21 SHERIFF'S OFFICE	39,258,834	44,090,291	51,446,307	60,600,332	60,600,332
22 EMERGENCY SERVICES	10,116,933	13,061,559	15,486,820	18,857,851	18,857,851
26 INSPECTIONS, LICENSES & PERMITS	3,155,796	3,345,991	3,927,162	4,129,058	4,129,058
30 PUBLIC WORKS	3,108,193	3,265,579	4,308,904	4,564,806	4,587,806
40 COUNTY COUNCIL	1,499,007	1,620,483	1,849,949	2,354,701	2,404,701
41 JUDICIAL	2,255,100	2,458,783	2,677,118	2,907,350	2,907,350
43 STATE'S ATTORNEY	3,737,152	4,126,049	4,676,468	5,015,189	5,015,189
48 ELECTIONS	1,331,669	1,020,436	1,971,846	1,686,995	1,686,995
54 BOARD OF EDUCATION	154,702,317	175,414,800	189,414,800	197,714,800	199,614,800
56 HARFORD COMMUNITY COLLEGE	12,278,743	13,778,743	14,778,743	15,778,743	15,778,743
57 MARYLAND SCHOOL FOR THE BLIND	38,891	63,677	75,000	75,000	75,000
58 LIBRARIES	11,646,499	13,105,781	14,361,956	15,705,461	15,705,461
59 PARKS & RECREATION	6,481,105	7,136,238	8,779,627	9,793,280	9,803,280
63 CONSERVATION OF NATURAL RESOURCES	350,836	381,531	456,828	585,994	585,994
65 ECONOMIC DEVELOPMENT	1,816,073	2,066,062	2,569,804	2,656,982	2,682,982
66 DEBT SERVICE	19,679,631	22,823,095	27,456,128	36,958,257	37,176,551
67 INSURANCE	395,496	336,131	883,761	1,167,106	1,167,106
68 BENEFITS	1,515,745	2,471,247	5,544,821	4,476,266	4,476,266
70 MISCELLANEOUS	9,165,868	24,688,061	18,713,879	17,238,624	19,858,868
90 RESERVE FOR CONTINGENCIES	0	0	100,000	100,000	100,000
<b>GRAND TOTAL</b>	<b>313,003,819</b>	<b>368,247,723</b>	<b>410,093,871</b>	<b>447,974,631</b>	<b>452,729,169</b>

## GENERAL FUND

### FUND SUMMARY:

	AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
<b><u>SUMMARY BY REVENUE SOURCE:</u></b>					
PROPERTY TAXES	157,812,503	169,787,259	185,344,343	207,440,466	207,440,466
INCOME TAXES	145,483,527	152,086,523	161,304,138	170,297,559	170,297,559
LICENSES & PERMITS	3,384,563	3,423,082	3,649,300	3,462,975	3,462,975
INTERGOVERNMENTAL	2,739,852	3,068,440	3,111,017	3,079,767	3,079,767
SERVICE CHARGES	7,338,372	4,894,195	5,587,721	4,889,750	4,889,750
FINES & FORFEITURES	136,809	138,893	95,000	126,000	126,000
INVESTMENT INCOME	2,285,031	4,822,434	4,291,335	5,358,000	5,358,000
MISCELLANEOUS REVENUES	5,485,649	8,033,099	7,702,059	7,007,517	7,007,517
RECORDATION TAX	6,665,787	7,939,446	11,788,916	17,161,944	17,161,944
INTRA-COUNTY TRANSFERS	10,104,233	12,607,225	7,320,143	8,247,374	8,247,374
FUND BALANCE APPROPRIATION	0	0	19,899,899	20,903,279	25,657,817
<b>GRAND TOTAL</b>	<b>341,436,326</b>	<b>366,800,596</b>	<b>410,093,871</b>	<b>447,974,631</b>	<b>452,729,169</b>

## GENERAL FUND

### FINANCIAL NOTES:

FY 08 Approved Budget	\$452,729,169
FY 07 Approved Budget	\$410,093,871
\$ growth	\$42,635,298
% growth	10.40%

The \$42,635,298 projected growth in General Fund Revenues results from:

	FY 07	FY 08	CHANGE	
o	185,344,343	207,440,466	22,096,123	<u>PROPERTY TAXES</u>
				FY 08 Approved Budget
				\$207,440,466
				45.82%
				of the FY 08 General Fund
				FY 07 Approved Budget
				\$185,344,343
				45.20%
				of the FY 07 General Fund
				\$ growth
				\$22,096,123
				% growth
				11.92%

Maryland State law provides that all real property is subject to the property tax. Property owners receive a property tax bill each year, which is effective as of July 1st.

Properties are reassessed by law once every three years and property owners are notified by the Maryland Department of Assessments and Taxation of any change in their assessment. Properties are required to be assessed at their current market value so that each property owner pays their fair share of local property taxes. Assessments are certified to the county where they are converted into property tax bills by applying the appropriate property tax rate.

Low mortgage interest rates have led to an increased demand for residential real estate that has outpaced supply through the early part of FY 07. This in turn resulted in rising real estate values and reassessments for the past several fiscal years. Reassessments are based on sales that have occurred in the reassessment area over the past three years with emphasis placed on most recent sales data. Any increase in the property value is phased in over the next three years.

The Homestead Tax Credit Program is a tax relief program originally enacted by the General Assembly in 1977 that requires the County and municipalities of the State to set a property tax assessment cap. Harford County has set its Homestead Credit Percentage at 10%. Upon qualification as the principal residence of the homeowner, this credit is automatically processed and is applied to the real property tax bill. In FY 2008 this credit is estimated to be valued at \$13,863,345 which is an increased from the lower levels that the County experienced during the past several fiscal years.

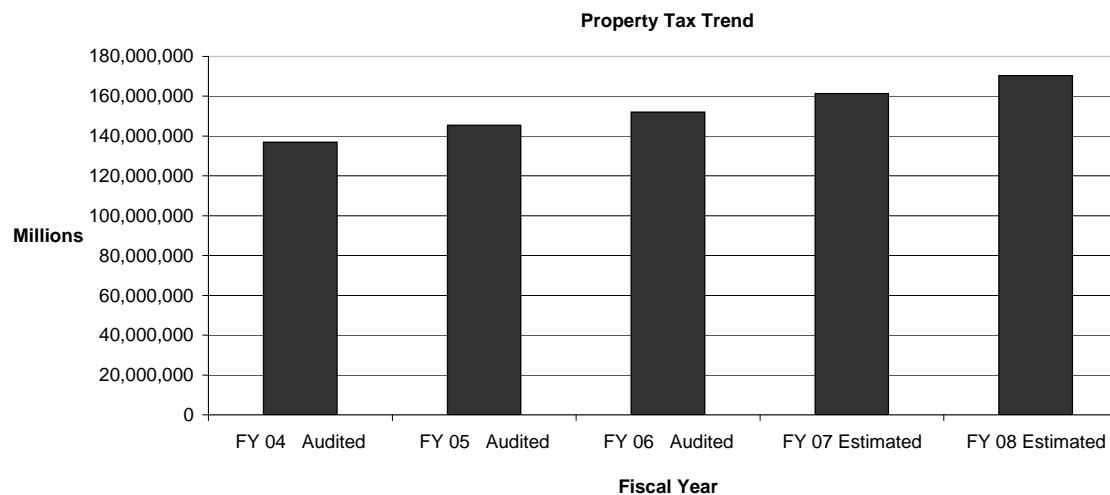
## GENERAL FUND

### FINANCIAL NOTES:

All tangible personal property owned by businesses operating in the State is annually certified by the State Department of Assessments and Taxation to the appropriate local jurisdiction. The certified amounts are used by the County for property tax billing purposes. The personal property assessors use the generally accepted accounting principles and depreciation schedules to value all taxable property by business location. FY 08 projections are based on the certified State data

Utilities and railroad property are valued by the Maryland Department of Assessments and Taxation as required under the Annotated Code of Maryland. Utilities often include many companies which function on an interconnected basis across several states. The operating unit of the utility or railroad is valued as a whole by considering the earning capacity of the operating unit based on the income approach of assessment methods with consideration given to other factors relevant to determining market value. The Maryland portion of the operating unit is apportioned to the State and then to the county in which the property is located.

Utility companies have been adjusting to a restructured environment that has spread across the nation as competition has entered the industry. New spending for capital improvements are now being made at a modest level according to information from the Maryland Department of Assessment and Taxation. Revenues and income to the utilities reflect the increasing competition for retail service. Consolidation and reorganization continue in the telecommunications industry. Overall revenues for telecommunications companies are decreasing for local and long distance carriers. Electric companies face more challenges as customers shop for competitive energy suppliers. All of this has led to a decrease in Public Utility Property Taxes for a number of years. We are beginning to see a slight increase in property tax from the utilities and railroads and that modest investments are being made.



## GENERAL FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
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o	161,304,138	170,297,559	8,993,421	<u>INCOME TAXES</u>
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FY 08 Approved Budget	\$170,297,559	37.62%	of the FY 08 General Fund
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FY 07 Approved Budget	\$161,304,138	39.33%	of the FY 07 General Fund
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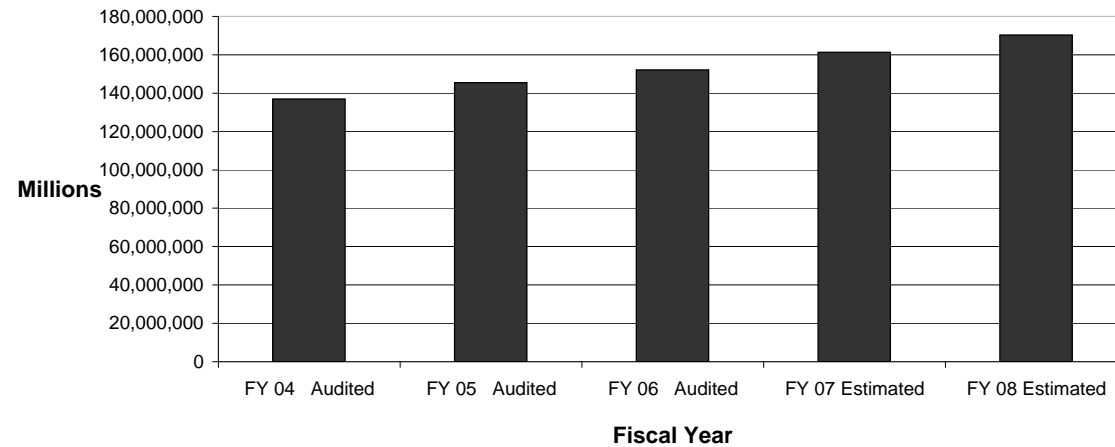
\$ growth	\$8,993,421	
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% growth	5.58%	
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Each jurisdiction in Maryland is required to set a local Income Tax rate to be applied to the net taxable personal incomes on an annual basis. Harford County's rate is 3.06%, established in calendar year 2001. Locals used to collect a Piggy Back, or surcharge, on one's State tax liability, up to a limit of 60%.

Maryland collects all Income Taxes and distributes to each local subdivision its share of the annual revenues. Although Income Taxes are imposed and collected on a calendar year basis, the State distributes the funds to the counties over a 21 month period, spreading Harford County's receipts over three fiscal years.

**Income Tax Trend**



## GENERAL FUND

### FINANCIAL NOTES:

o 63,445,390 74,991,144 11,545,754 OTHER REVENUES

FY 08 Approved Budget	\$74,991,144	16.56%	of the FY 08 General Fund
FY 07 Approved Budget	\$63,445,390	15.47%	of the FY 07 General Fund
\$ growth	\$11,545,754		
% growth	18.20%		

The elements mainly responsible for the net change in "Other" revenues are:

#### General Fund Support of Solid Waste Management Services

FY 07	FY 08	Change
(4,724,980)	(5,431,079)	(706,099)

Most solid waste management activities are mandated by Federal and State regulations, yet avenues for imposing fees are limited by law and the market place. This results in the need for support with General Fund revenues. The County, through the Northeast Maryland Waste Disposal Authority has entered into a lease-purchase and retrofitting of the Waste-to-Energy Plant. The debt service on this, combined with management fees for operating the facility, requires increased support for the Solid Waste Services budget for FY 08

#### Impact Fee

FY 07	FY 08	Change
2,000,000	4,241,017	2,241,017

The Maryland General Assembly adopted House Bill 965, Harford County School Construction Financing, in 2004. The bill states, "In general, - The County Council of Harford County, by ordinance, may fix, impose, and provide for the collection of a development impact fee not to exceed \$10,000 for new construction or development. . . Use of revenues. - The revenues from the special fund may be used only for

- (1) School site acquisition;
- (2) School construction;
- (3) School renovation;
- (4) School debt reduction; or
- (5) School capital expenses."

On June 10, 2005, the County Council of Harford County, Maryland enacted, as amended, Bill No. 05-21, that added Article VI, Public School Development Impact Fee, to Chapter 123, Finance and Taxation, of the Harford County Code. This legislation assures that new development contributes its fair share towards the costs of public schools reasonably necessitated by such new development, and to ensure that new development is reasonably benefited by the construction of new public schools built in whole or in part with the proceeds of development impact fees.

## GENERAL FUND

### FINANCIAL NOTES:

<u>Recovery from Highways Transportation</u>	FY 07	FY 08	Change
	3,885,169	3,681,330	(203,839)

The Highways Fund is a separate budgetary/accounting entity as required by County Code, to account for dedicated revenues that are legally restricted to expenses relating to highways operations and maintenance, traffic safety and County transportation.

For FY 08 the Highways Fund includes expenses to the County's General Fund in support of

	FY 07	FY 08	Change
o Board of Education Transportation Operating Expenses	2,000,000	2,000,000	0
o Board of Education County Paygo for Buses	1,120,000	800,000	(320,000)
o Sheriff's Office Traffic Safety activities	765,169	881,330	116,161
	<u>3,885,169</u>	<u>3,681,330</u>	<u>(203,839)</u>

<u>Fund Balance Appropriated</u>	FY 07	FY 08	Change
	19,899,899	25,657,817	5,757,918

An excess unappropriated fund balance realized at the end of a fiscal year, above the 5% reserve designated for credit rating purposes, maintained by County policy, is appropriated into the next fiscal year's budget, and treated as one-time funding for that fiscal year

The level of the General Fund's Appropriated Fund Balance can best be explained by reviewing the past few fiscal years.

At the end of FY 2006 the total fund balance of the General Fund was \$86.3 million of which the unreserved portion was \$83.4 million. It is the unreserved fund balance that is the net resources available for spending at the end of the fiscal year. It has been and continues to be the intent of the County to appropriate into the next fiscal year's budget for the funding of one-time expenditures for that fiscal year.

The fund balance of the General Fund decreased by \$4.0 million in FY 06, a decrease in fund balance was budgeted with the appropriation of \$27.0 million. The anticipated decrease in fund balance was partially mitigated by conservative spending which resulted in \$14.9 million in expenditures less than budgeted and revenues exceeding the budgeted estimate by \$4.6 million.

## GENERAL FUND

### FINANCIAL NOTES:

The unreserved portion of FY 2006 fund balance, \$83.4 million, will be consumed as follows:

- \$19.9 million was appropriated for use in FY 07 to fund the operations of the General Fund
- By policy we have designated 5 percent of the fund balance or \$21.5 million for credit rating purposes
- Designated another \$11.2 million for the cumulative liability for the future closing of our active landfill and waste-to-energy plant in conformance with GASB Statement No. 18 which requires the County to measure and recognize a portion of the closure and post-closure care costs each fiscal year based on landfill capacity used
- The balance of \$30.8 million is available for funding one-time activities in FY 2008 of which we have appropriated \$25.6 million.

#### Pro Rata Charges

Pro Rata Shares - define portions of the cost of basic General Funded services which are provided to Highways and Water and Sewer operations (e.g. payroll, accounting, Human Resource functions, etc.).

	FY 07	FY 08	Change
Highways	2,442,319	2,500,004	57,685
Water & Sewer	1,719,257	1,769,788	50,531
	<u>4,161,576</u>	<u>4,269,792</u>	<u>108,216</u>

#### Recordation Tax

	FY 07	FY 08	Change
	11,788,916	17,161,944	5,373,028

With the lower interest rates on mortgages that have been available over the last few years, both sales and refinancing of homes have increased in volume and value. This has led to a large increase in Recordation Tax Revenues.

This revenue comes initially into the County's Capital Revenue Fund. It is expensed from the Capital Budget as a General Project called School Debt Service. This expense becomes an Operating General Fund Revenue and it is dedicated to the payment of School Debt Service

#### All "Other" Revenues combined

	FY 07	FY 08	Change
	26,434,810	25,410,323	(1,024,487)

These include: Licenses and Permit sales, State Shared Revenues, Interest Income, etc



## GENERAL FUND

### FINANCIAL NOTES:

The \$42,635,298 net increase in the General Fund is the result of:

	FY 07	FY 08	CHANGE	
o		2,248,126	2,248,126	33.00 Net Full-Time positions being created for FY 08

FULL TIME POSITIONS	# of Positions	Salary	Fringe	Total
<b>COUNTY EXECUTIVE</b>				
Chief of Staff		102,578	39,081	141,659
Deputy Chief of Staff		79,612	34,021	113,633
Administrative Secretary III		51,503	25,508	77,011
These positions were created in FY 07 but Council Amendment #110 eliminated all funding to support the costs for above positions.				
<b>ADMINISTRATION</b>				
Building Maintenance Worker II	1.00	46,768	24,224	70,992
Building Maintenance Worker I	1.00	25,901	11,917	37,818
Custodial Worker I	1.00	22,646	21,228	43,874
Special Police Officer	1.00	32,650	20,560	53,210
Administrative Assistant I	1.00	32,650	12,096	44,746
Building Maintenance Mechanic II	1.00	45,483	26,786	72,269
Programmer Analyst I	1.00	71,342	19,225	90,567
<b>PROCUREMENT</b>				
Right-of-Way Agent II	1.00	54,010	17,554	71,564
<b>PLANNING &amp; ZONING</b>				
P & Z Division Chief	(1.00)	(97,844)	(34,588)	(132,432)
<b>COMMUNITY SERVICES</b>				
Grants Administrator	1.00	53,088	20,252	73,340
<b>HOUSING</b>				
Housing Counselor	1.00	42,227	23,686	65,913

## GENERAL FUND

### FINANCIAL NOTES:

	# of Positions	Salary	Fringe	Total
<b>EMERGENCY OPERATIONS</b>				
Management Assistant II	1.00	74,727	20,363	95,090
<b>PUBLIC WORKS</b>				
WATER RESOURCES				
Civil Engineer II	1.00	80,233	21,546	101,779
Engineering Associate I	1.00	30,851	21,683	52,534
RECYCLING				
Equipment Operator	1.00	31,836	11,123	42,959
Laborer	1.00	33,186	26,038	59,224
<b>COUNTY COUNCIL</b>				
Council Auditor	1.00	78,648	33,796	112,444
<b>JUDICIAL</b>				
Administrative Assistant I	2.00	65,316	43,614	108,930
<b>STATE'S ATTORNEY</b>				
Legal Specialist II (funded for 10 pays)	1.00	13,810	22,445	36,255
<b>PARKS &amp; RECREATION</b>				
Secretary I	1.00	27,466	20,787	48,253
Custodial Worker II	3.00	80,148	49,925	130,073
Park Maintenance Worker I	7.00	176,061	155,037	331,098
Park Maintenance Worker II	1.00	26,094	22,294	48,388
Park Maintenance Mechanic I	1.00	49,039	28,089	77,128
<b>SOIL CONVERSATION</b>				
Engineering Associate IV	1.00	64,508	28,546	93,054
Engineering Associate II	1.00	61,658	25,095	86,753
<b>NET FULL-TIME POSITIONS</b>	<b>33.00</b>	<b>1,456,195</b>	<b>791,931</b>	<b>2,248,126</b>

## GENERAL FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE					
o		23,431	23,431	(0.50)	Net Part-Time positions being created for FY 08			
				<b>PART TIME POSITIONS</b>	<b># of Positions</b>	<b>Salary</b>	<b>Fringe</b>	<b>Total</b>
				<b>ADMINISTRATION</b>				
				Custodial Worker I abolished	(0.50)	(11,654)	(17,348)	(29,002)
				<b>COUNTY COUNCIL</b>				
				Zoning Hearing Examiner (this position unfunded in FY 07)	(0.50)	0	0	0
				Cultural Arts Board Coordinator	0.50	24,488	20,202	44,690
				<b>PARKS &amp; RECREATION</b>				
				Custodial Worker II abolished	(0.50)	(13,347)	(10,391)	(23,738)
				Custodial Worker II for Kids First	0.50	12,576	18,905	31,481
				<b>NET PART-TIME POSITIONS</b>	<b>(0.50)</b>	<b>12,063</b>	<b>11,368</b>	<b>23,431</b>
o		4,414,123	4,414,123	Harford County's FY 08 Wage Package of a Step + a 3% COLA for all eligible employees				
o		3,201,512	3,201,512	Implementation of the Sheriff's Office Law Enforcement and Correctional new pay plans				
o		249,253	249,253	Salary Step &/or Grade adjustments based on the recommendations of the Department of Human Resources				
o		(759,499)	(759,499)	Staff Turnover	(1.40%)			
o		1,049,612	1,049,612	Salary Offset - increase is mainly the result of restoration of salary funds reduced by Council Amendments in FY 07 and annualization of positions partially funded in FY 07				
o	3,144,150	2,956,777	(187,373)	Temporary Salaries decreased mainly due to converting temporary positions to permanent				

GENERAL FUND	
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**FINANCIAL NOTES:**

	FY 07	FY 08	CHANGE		
O	12,016,779	13,828,050	1,811,271	Health Benefit Cost	
				FY 07	Change
				11,905,529	Anticipated 12% increase plus staff opting for changes in level of coverage
				111,250	Supplemental benefits increased amounts provided by 20% for FY 08
				<u>0</u>	Consortium Set Aside
				<u>12,016,779</u>	Total Change in Health Benefits Costs
O		2,773,931	2,773,931	OPEB (Other Post Employment Benefits) - funds provide for the initial appropriation to the Harford County Other Post-Employment Benefit Plan to comply with GASB Statement No. 45	
O	3,715,633	4,199,316	483,683	Overtime and Shift Differential adjusted based on actual expense history	
O	314,830	339,700	24,870	Uniform Allowance - additional funds provide for a \$100 increase in uniform allowance for non-law enforcement and correctional personnel	
O	12,524,964	11,977,011	(547,953)	Pension / Retirement rate adjustments	
					FY 07      FY 08      Change
				State Retirement System	128,094      118,596      (9,498)
				State Pension System	3,209,149      3,150,102      (59,047)
				Temporaries Pension	204,716      176,488      (28,228)
				Volunteer Fire's Length of Service Awards Program (LOSAP)	1,046,218      1,387,771      341,553
				Sheriff's Office Pension System	7,936,787      2,876,396      (5,060,391)
				LEOPS - Sheriff	<u>0</u> 4,267,658      4,267,658
				Total Pension / Retirement Adjustments	<u>12,524,964</u> 11,977,011      (547,953)
O	1,347,624	1,738,777	391,153	Workers' Compensation rate adjustments based on actuarial assessment	
O	1,724,175	2,253,060	528,885	Space and Real Estate Rentals - increase due to additional leased space and higher contract costs	

## GENERAL FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	2,542,836	2,792,020	249,184	Other Professional Services funds are increased as a result of:
			(403,524)	the County no longer pursuing the Red Light Camera Program
			66,100	funds transferred to County Executive from Economic Development for Ag related expenses
			135,000	Human Resources for consortium consultant fees and funds to support a study on pay and benefits
			93,100	to DPW for shallow water monitoring / transporting recyclables / and adjusted per actual expenses
			100,000	to Community Services reallocation from Health Dept to support two additions counselors
			54,288	Procurement consultant support for electricity bid through cooperative purchasing as well as additional property purchases
			86,625	County Council to install equipment in HCN Mobile Van, HCN special programming and seat belt study
			60,200	Emergency Operations to support consultant services for radio systems, quality assurance, etc
			52,500	Economic Development to support small business assistance, tech master plan implementation and Ag Co-Op
o	1,421,764	1,634,490	212,726	Electricity adjusted based on actual expense history and new property leases
o	499,272	621,651	122,379	Heating Fuel (Gas & Oil) expenses increase based on actual expense history
o	353,280	281,135	(72,145)	Funds for Election Officials is decreased due with only one election slated during FY 08
o	2,200,641	2,461,577	260,936	Medical Services increase mainly due to an anticipated 8% increase to the Medical Services contract for the Detention Center
o	452,150	864,750	412,600	County Facility Repair & Renovation - FY 07 Council Amendment #125 decreased funding in Administration Facilities & Operations, for FY 08 we are restoring \$200,000 to provide for necessary building upkeep, the remainder of the increase is throughout various other departments and is based on actual expense history
o	1,150,022	1,326,256	176,234	Telephone Service expenses increase based on actual expense history and new Sonet Ring for Sheriff's Office @ \$80,564 and Emergency Operations @ \$79,458
o	747,143	0	(747,143)	Retirees Insurance - funding is now allocated as part of OPEB (Other Post Employment Benefits)

GENERAL FUND	
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**FINANCIAL NOTES:**

	FY 07	FY 08	CHANGE	
o	1,824,266	2,474,992	650,726	Other Insurance increases based on actuarial analysis and are explained below:
				FY 07                  FY 08                  Change
				County              883,761              1,167,106              283,345    General / Auto Liability / Property Damage
				Sheriff             387,586             487,308             99,722     General / Auto Liability / Property Damage
				Detention        189,603            209,238            19,635     General / Auto Liability / Property Damage
				Risk Mgt         350,000            0                    (350,000)   Reallocated to VFC to include with their appropriation
				Emergency Ops      0                    600,000            600,000   Workers Comp Insurance for Volunteer Fire Companies
				Libraries         12,316             10,340             (1,976)     General / Auto Liability / Property Damage
				Judicial            1,000              1,000              0
				<u>1,824,266            2,474,992            650,726</u>
o	1,170,620	1,361,210	190,590	Data Hardware and Software Maintenance increased based on actual expense history for annual file server maintenance contracts as well as the costs for yearly software licenses
o	906,351	962,340	55,989	Meals Special Purpose increased mainly for the Detention Center inmate meal contract @ \$59,539 and Sheriff's Office Training Academy lunches @ \$2,780, offset by FY 07 one-time purchase of emergency rations and actual expense history
o	620,381	309,543	(310,838)	Other Materials and Supplies are reduced as a result of elimination of FY 07 one-time funding of ancillary costs for new Deputies and Correctional Officers
o	1,629,692	1,749,330	119,638	The following materials and supplies line items are adjusted based on actual expense history:
				FY 07                  FY 08                  Change
				368,572              402,657              34,085    General Office Supplies
				442,495              479,284              36,789    Printing In-House and Commercial
				588,375              603,039              14,664    General Office Mailing
				230,250              264,350              34,100    Equipment Repair Parts
				<u>1,629,692            1,749,330            119,638</u>

## GENERAL FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	1,146,348	1,213,415	67,067	Fuel charges increased based on actual expense history
o	1,237,295	1,306,890	69,595	Vehicle Maintenance funding increases mainly for non-targeted costs based on actual expense history
o	3,027,257	1,877,649	(1,149,608)	Equipment funds decrease but still provide for the following: Fleet Replacement as recommended by Procurement and in accordance with the County's Vehicle Replacement Policy guidelines

# of Vehicles	Description	Traded in Vehicles' ID#	Unit Price	Total Cost
2	Compact Vehicles	New	12,000	24,000
2	Passenger Bus	#811 #800	135,000	270,000
1	1/2 ton 4x4 pick-up	#730	21,000	21,000
1	4x4 3/4 ton Pick-up	#648	24,500	24,500
1	Utility Truck	New	53,000	53,000
1	Sport Utility	New	35,000	35,000
1	Utility Van	New	35,000	35,000
<b>9</b>				<b>462,500</b>

Community Services  
Community Services  
Administration - Facilities & Ops  
DPW - Recycling  
Parks & Recreation  
Emergency Operations  
County Council - HCN

## GENERAL FUND

### FINANCIAL NOTES:

FY 07      FY 08      CHANGE

Police Vehicles as recommended in accordance with the County's Vehicle Replacement Policy

# of Vehicles	Description	Traded in Vehicles' ID#	Unit Price	Total Cost
14	Marked Police	all approved replacements	22,750	318,500
4	Unmarked Police	all approved replacements	22,750	91,000
1	Pick Up Truck	all approved replacements	26,000	26,000
3	Marked SUV	all approved replacements	31,000	93,000
<b>22</b>				<b>528,500</b>

#### Equipment for Recycling and Environmental Affairs

130,000	Rubber Tire Loader
7,000	Pumps
19,500	Roll-off containers
35,000	Radial stacker
135,000	Roll-off Truck
<u>326,500</u>	

#### Various Other Equipment

59,000	Security System to replace defunct system at landfill and compost sites
99,840	Equipment for HCN van
18,600	Other items such as air conditioner, chairs, audio visual, radios, etc
<u>177,440</u>	

#### Public Safety Equipment

29,500	Mobile Radio for Joppa Magnolia Fire Engine
30,000	Data Communication equipment for three EMS Foundation vehicles
40,000	Emergency Sirens
141,669	Police Car Packages
<u>241,169</u>	

#### Equipment for Parks & Recreation

103,940	Ground Maintenance equipment such as mowers, trailers, saws, trimmers, etc.
25,400	Infield Machine
4,050	Replacement equipment for items such as vacuums, fax machines,
8,150	Equipment for new facility openings such as shelving, tables, chairs, etc.
<u>141,540</u>	



## GENERAL FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	24,997,889	33,522,292	8,524,403	Principal and Interest Payments on existing debt, and new debt to be issued in accordance with the Approved FY 08 Capital Budget
				FY 07                      FY 08                      Change
				Principal                      14,560,914                      19,675,157                      5,114,243
				Interest                      10,436,975                      13,847,135                      3,410,160
				24,997,889                      33,522,292                      8,524,403
o	1,937,289	3,133,309	1,196,020	Principal and Interest payments on prior Lease Finance projects as well as new:
				FY 07                      FY 08                      Change
				2007 County Lease
				Principal                      770,239                      1,289,001                      518,762
				Interest                      402,601                      311,138                      (91,463)
				1,172,840                      1,600,139                      427,299
				2007 School Lease
				Principal                      563,112                      1,170,277                      607,165
				Interest                      161,243                      282,480                      121,237
				724,355                      1,452,757                      728,402
				2007 College Lease
				Principal                      31,169                      64,777                      33,608
				Interest                      8,925                      15,636                      6,711
				40,094                      80,413                      40,319
				Total All Leases
				Principal                      1,364,520                      2,524,055                      1,159,535
				Interest                      572,769                      609,254                      36,485
				1,937,289                      3,133,309                      1,196,020

## GENERAL FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE			FY 07	FY 08	Change
o	256,327,291	272,576,844	16,249,553	Miscellaneous				
				County Executive	Community Grants for: cultural organizations, crime prevention and school beautification	742,900	930,400	187,500
				Housing	towards new House Keys 4 Employees program to assist employees who are first-time home buyers	0	100,000	100,000
				Board of Education	towards wage parity with the County; opening of Patterson Mill Middle / High School, flu mist vaccine, special education and new regional student and psychological services area	189,414,800	199,614,800	10,200,000
				Harford Community College	towards wage parity with the County	14,778,743	15,778,743	1,000,000
				Libraries		14,349,640	15,414,787	1,065,147
					new pay plan implementation			412,505
					wage parity with the County			606,948
					materials budget			45,964
				Maryland School for the Blind	State law mandating County share of tuition	75,000	75,000	0
				Harford Center	increase County support for Harford Center	482,143	532,143	50,000
				ARC Northern Chesapeake	to support rehabilitation program for their homes	1,612,573	1,762,573	150,000

## GENERAL FUND

### FINANCIAL NOTES:

		FY 07	FY 08	Change
Humane Society	increased support based on services provided to the County with \$25,000 supporting a new spay / neuter program	375,000	450,000	75,000
Volunteer Fire Companies	a 10% increase to each company full funding per request of EMS Foundation EMT / Cadet Program	5,876,501	7,783,375	1,906,874
	505,352 1,399,122 2,400			
Health	to support State wage package and in-patient addictions treatment	3,557,857	3,713,244	155,387
Elections	payments to the Maryland State Board for employee salaries and benefits, funds decreased due to less elections in FY 08 requiring less overtime and temporary funding	741,266	595,390	(145,876)
Pro Rata Shares	General funded Public Works activities' share of the Public Works Director's Office Budget	19,455	21,580	2,125
Paygo	per the Proposed FY 08 Capital Budget	16,282,429	17,126,891	844,462
Parks & Recreation	General fund support to Parks & Recreation Special Revenue Fund	110,503	231,807	121,304
Appropriation to Towns	Police Aid pass thru to municipalities	1,510,762	1,811,289	300,527
Various	Includes: Sign on Bonuses for Teachers and Deputies; a contingency reserve; mandated environmental reserves; and numerous grants and contributions	6,397,719	6,634,822	237,103
		<u>256,327,291</u>	<u>272,576,844</u>	<u>16,249,553</u>



*Bel Air Courthouse*

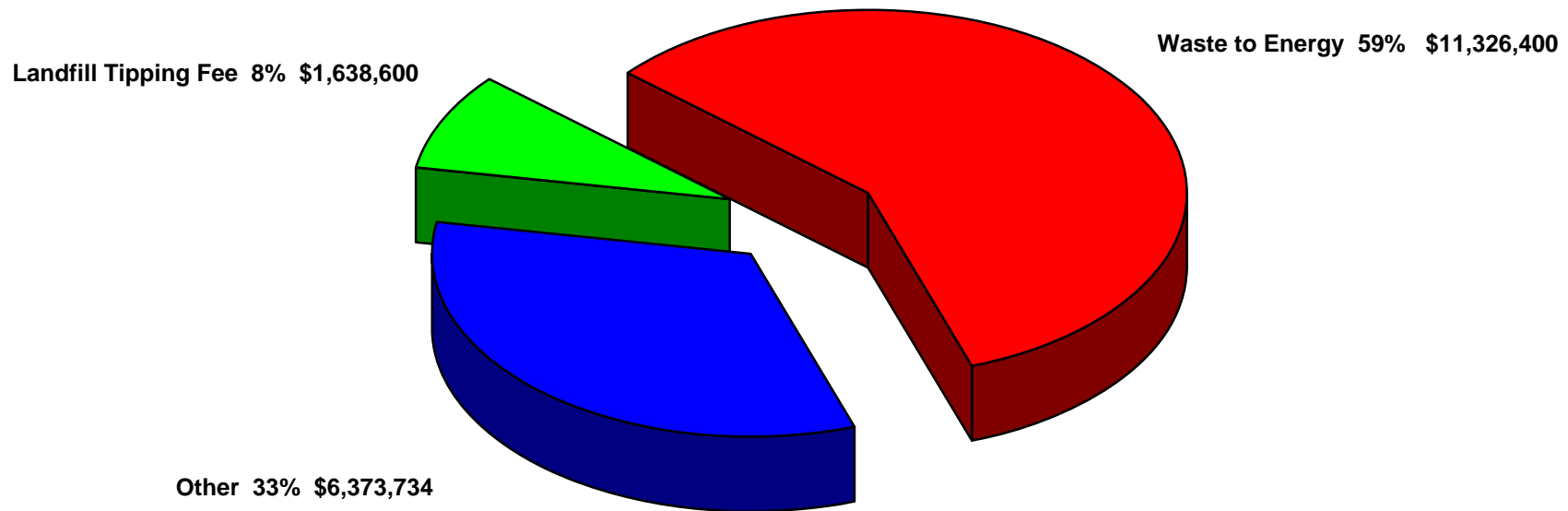
# **SOLID WASTE SERVICES**

<p><b>FY 08 APPROVED SOLID WASTE SERVICES REVENUE BREAKDOWN</b></p>
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<b>LANDFILL TIPPING FEE</b>	<b>8%</b>	<b>1,638,600</b>	<b>OTHER:</b>	<b>33%</b>	<b>6,373,734</b>
			Miscellaneous	942,655	
			Intra-County	5,431,079	
<b>WASTE TO ENERGY</b>	<b>59%</b>	<b>11,326,400</b>			

<p><b>TOTAL SOLID WASTE SERVICES REVENUES</b></p>	<b>19,338,734</b>
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**SOLID WASTE SERVICES  
REVENUES  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$19,338,734**



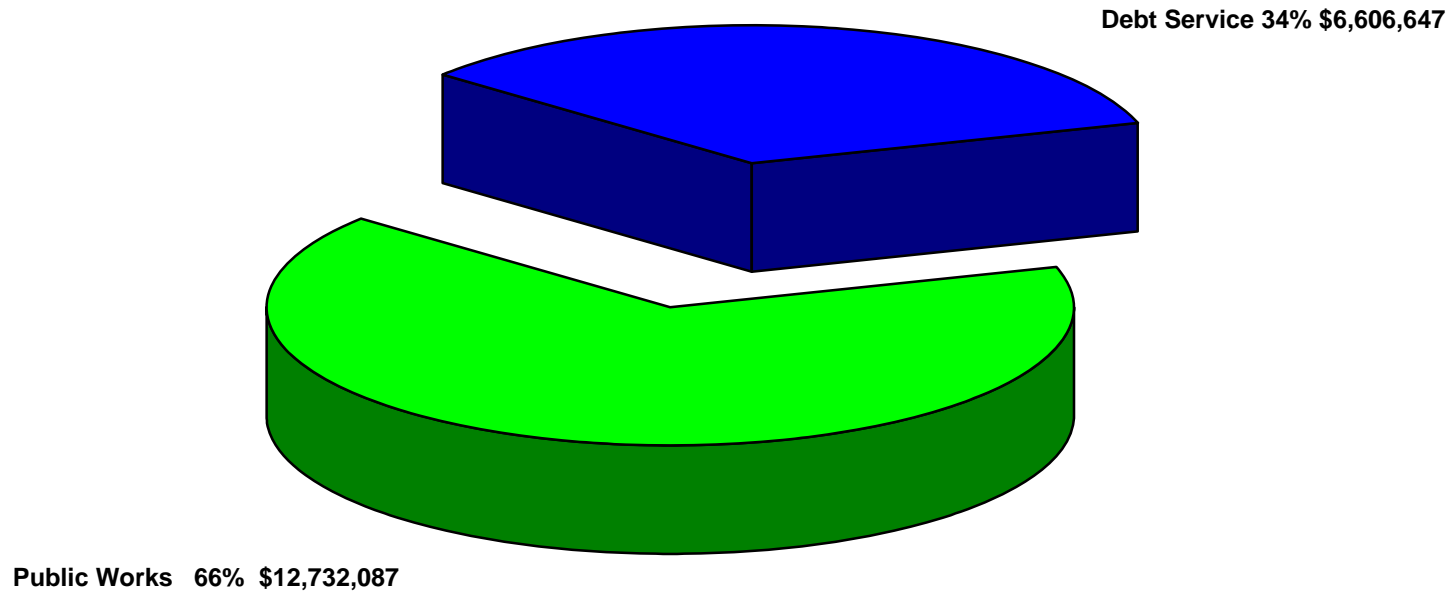
<p><b>FY 08 APPROVED SOLID WASTE SERVICES APPROPRIATIONS BREAKDOWN</b></p>
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<b>PUBLIC WORKS:</b>	<b>66%</b>	<b>12,732,087</b>	<b>DEBT SERVICE</b>	<b>34%</b>	<b>6,606,647</b>
Solid Waste Management	4,087,580				
Waste to Energy	8,644,507				

<p><b>TOTAL SOLID WASTE SERVICES APPROPRIATIONS</b></p>	<p><b>19,338,734</b></p>
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**SOLID WASTE SERVICES  
APPROPRIATIONS  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$19,338,734**



## SOLID WASTE SERVICES

### ORIGIN/PURPOSE:

The Solid Waste Services account records direct revenues and expenses pertaining to the County's management of the disposal of solid waste. Chapter 109, of the Harford County Code, Environmental Control, establishes the County's official Solid Waste Management Plan. The Charter also authorizes the establishment of fees for service.

The Department of Public Works, Environmental Affairs Division manages the Harford Waste Disposal Center (HWDC), also known as the Scarboro Landfill. Personnel and the ancillary expenses needed for the site are funded with revenues from the Solid Waste Services account.

The Northeast Maryland Waste Disposal Authority, under its revenue bond financing authority, developed the Harford Waste-to-Energy Facility to process most of the County's solid waste. Through a contractual arrangement with the facility more than 110,000 tons per year of the County's waste is burned to produce energy which is purchased by Aberdeen Proving Ground. This contract covers the operation and maintenance of the plant as well as its repair, insurance, a management fee, ash transportation, the Northeast Maryland Waste Disposal Authority's fee, and a site lease to Aberdeen Proving Ground. Contract expense is funded with Solid Waste Services revenue.

When the original owner of the plant offered the facility for sale, the County contracted with the Northeast Maryland Waste Disposal Authority to make the purchase on our behalf. Under the terms of the contract, the Northeast Maryland Waste Disposal Authority issued bonds. The County will pay the lease purchase debt service and own the plant at the end of the term of the bonds for a purchase price of \$1 due in 2016. The Authority will also issue bonds for a retrofit of the facility, and the County will again pay the debt service. This purchase and renovation ensures the County the ability to manage the disposal of solid waste well into the future, to comply with Federal and State environmental regulations, and to not be subjected to the rising cost associated with securing privately owned disposal services. These debt expenses will also be funded with Solid Waste Services revenue.

The Charter establishes the County's authority to set and collect fees and other revenue to support solid waste management. Chapter 157 Licenses and Permits delineates a number of Tipping Fees for waste brought to the landfill by either commercial haulers or private citizens. There are revenues from the disposal of tires, batteries, scrap metal, and other items; plus fees for mulch and compost produced by recycling yard waste is sold. The Waste-to-Energy Plant also has a tipping fee and fees for burning permitted or recovered materials, plus fees for tire disposal. The plant generates steam which is sold to the United States Army for Aberdeen Proving Ground. The County sells refuse licenses and imposes interest payments on invoices.

While these activities are mandated by Federal and State regulations, avenues for imposing fees are limited by law and the market place. This results in the need for support with General Fund revenues. It should be noted that while Budget Policy defines Solid Waste Services as an individual account for management purposes, the County's financial statements consider it part of the General Fund.

## SOLID WASTE SERVICES

### FUND SUMMARY:

		AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
<b><u>SUMMARY BY CHARACTER:</u></b>						
10	PERSONAL SERVICES	1,828,071	1,955,921	2,202,401	2,534,680	2,534,680
20	CONTRACTUAL SERVICES	6,054,847	7,106,225	9,117,800	9,386,407	9,386,407
30	SUPPLIES & MATERIALS	228,744	271,354	252,900	339,850	339,850
40	BUSINESS & TRAVEL	219,069	357,741	294,850	365,550	365,550
50	CAPITAL OUTLAY	768,326	789,730	1,169,500	215,600	215,600
60	DEBT SERVICE	5,284,456	5,920,770	6,414,927	6,496,647	6,496,647
	<b>GRAND TOTAL</b>	<b>14,383,513</b>	<b>16,401,741</b>	<b>19,452,378</b>	<b>19,338,734</b>	<b>19,338,734</b>

### **SUMMARY BY DEPARTMENT:**

08	PUBLIC WORKS	9,039,230	10,443,372	12,927,451	12,732,087	12,732,087
66	DEBT SERVICE	5,344,283	5,958,369	6,524,927	6,606,647	6,606,647
	<b>GRAND TOTAL</b>	<b>14,383,513</b>	<b>16,401,741</b>	<b>19,452,378</b>	<b>19,338,734</b>	<b>19,338,734</b>

### **SUMMARY BY REVENUE SOURCE:**

LICENSES & PERMITS	6,450	6,550	5,500	7,000	7,000
MISCELLANEOUS SERVICE FEES	813,553	900,795	869,189	934,105	934,105
MISCELLANEOUS REVENUES	0	0	1,162,500	0	0
LANDFILL TIPPING FEE	1,192,118	1,676,735	1,508,750	1,638,600	1,638,600
WASTE TO ENERGY PLANT	10,863,025	11,071,720	11,181,259	11,326,400	11,326,400
INTEREST & DIVIDENDS	1,262	187	200	1,550	1,550
INTRA-COUNTY	0	0	4,724,980	5,431,079	5,431,079
<b>GRAND TOTAL</b>	<b>12,876,408</b>	<b>13,655,987</b>	<b>19,452,378</b>	<b>19,338,734</b>	<b>19,338,734</b>

## SOLID WASTE SERVICES

### FINANCIAL NOTES:

FY 08 Approved Budget	\$19,338,734
FY 07 Approved Budget	\$19,452,378
\$ growth	(\$113,644)
% growth	-0.58%

The (\$113,644) net decrease in Solid Waste Services revenue is projected to result from:

#### SOLID WASTE DISPOSAL FEE

This fee was increased in the FY 05 budget from \$42 to \$50 per ton.  
This fee is imposed at both the Harford Waste Disposal Center and the Waste-to-Energy Plant.

#### STEAM SALES

The second largest source of revenue for Solid Waste Services is from the sale of steam, which is generated at the Waste-to-Energy plant and sold by contractual arrangement to the United States Army for Aberdeen Proving Ground.

#### SUPPORT FROM THE GENERAL FUND

Most solid waste management activities are mandated by Federal and State regulations, yet avenues for imposing fees are limited by law and the market place. This results in the need of support with General Fund revenues.

It should be noted that while Budget Policy defines Solid Waste Services as an individual account, for management purposes, the County's financial statements consider it part of the General Fund.

#### OTHER REVENUES

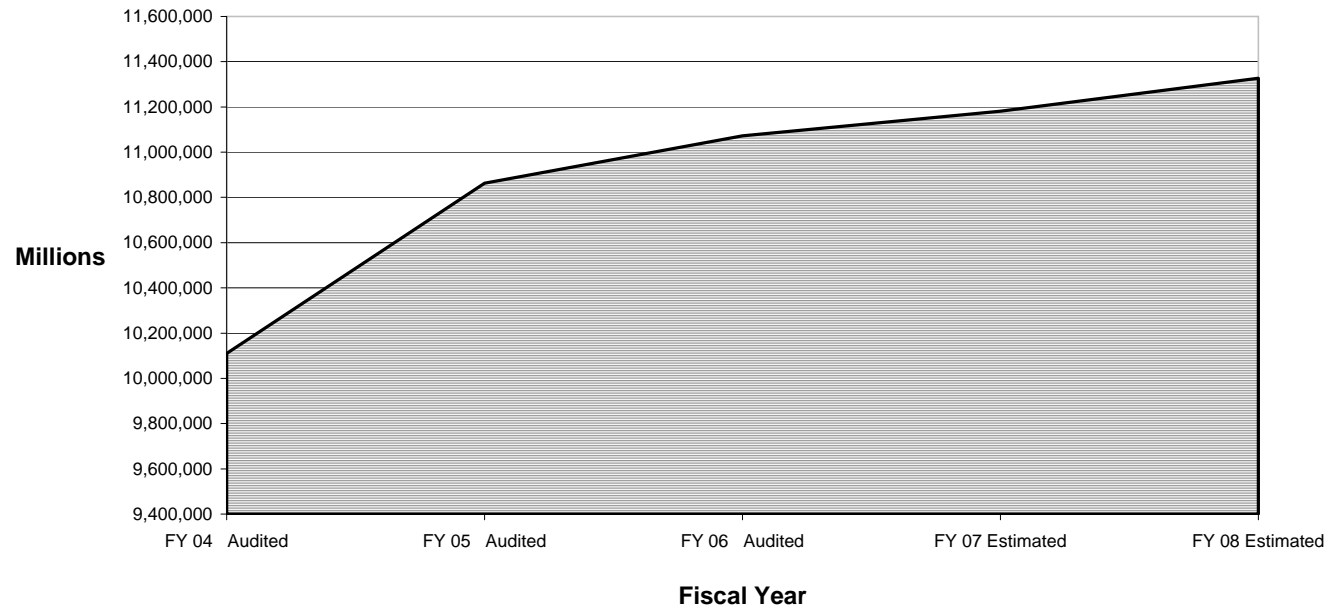
FY 08 revenue estimates for all other sources to Solid Waste Services were projected based on actual receipt history.

## SOLID WASTE SERVICES

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE		FY 07	FY 08	Change
o	11,181,259	11,326,400	145,141	<u>Waste to Energy Plant Revenues</u> are generated from:			
				Solid Waste Disposal Fee	5,142,960	5,426,400	283,440
				Credit Town of Bel Air	(425,332)	(415,000)	10,332
				Steam Sales	5,631,131	5,500,000	(131,131)
				Recovered Materials	7,500	15,000	7,500
				Handling Permitted Material	450,000	400,000	(50,000)
				Tire Disposal	375,000	400,000	25,000
					<u>11,181,259</u>	<u>11,326,400</u>	<u>145,141</u>

**Waste to Energy Plant Revenue Trend**



## SOLID WASTE SERVICES

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE		FY 07	FY 08	Change
o	2,377,939	2,572,705	194,766	<u>Harford Waste Disposal Center Revenues</u> are generated from:			
				Solid Waste Disposal Fee	1,579,863	1,713,600	133,737
				Credit Town of Bel Air	(71,113)	(75,000)	(3,887)
				Miscellaneous Service Fees			
				Household Waste	407,525	425,880	18,355
				Recycling	354,000	404,000	50,000
				Sale of Compost / Mulch	103,084	100,625	(2,459)
				Tire Disposal	4,580	3,600	(980)
					<u>2,377,939</u>	<u>2,572,705</u>	<u>194,766</u>
o	1,168,200	8,550	(1,159,650)	<u>Other Miscellaneous Revenues</u> are comprised of:			
				Licenses & Permits for Refuse Licenses	5,500	7,000	1,500
				Investment Income			
				Interest on Invoices	200	1,550	1,350
				Over and Short	0	0	0
				Miscellaneous	1,162,500	0	(1,162,500)
					<u>1,168,200</u>	<u>8,550</u>	<u>(1,159,650)</u>
o	4,724,980	5,431,079	706,099	<u>General Fund Support</u>	<u>4,724,980</u>	<u>5,431,079</u>	<u>706,099</u>
				<b>TOTAL SOLID WASTE SERVICES</b>	<b><u>19,452,378</u></b>	<b><u>19,338,734</u></b>	<b><u>(113,644)</u></b>

## SOLID WASTE SERVICES

### FINANCIAL NOTES:

The (\$113,644) net decrease in Solid Waste Services expense is the result of:

	FY 07	FY 08	CHANGE	
o	1,278,972	1,283,595	4,623	Full-time Salaries
			20,769	Salary Step &/or Grade adjustments based on recommendations of the Dept of Human Resources
			(16,146)	Staff Turnover (1.26%)
			<u>4,623</u>	
o	62,790	89,126	26,336	Temporary Salaries although reduced by (\$40,331) for the conversion of an Equipment Operator to Permanent, additional temporary laborers and weighmaster attendants were hired during FY 07 due to workload
o		70,095	70,095	# of Positions
			1.0	Equipment Operator converted from Temporary
			Salary	Fringe
			43,619	26,476
				Total
				70,095
o		108,110	108,110	the FY 08 wage package of a Step + a 3% COLA for eligible staff
o	370,808	397,628	26,820	an anticipated 12% increase in Health Benefits costs plus staff opting for changes in level of coverage
o		44,925	44,925	OPEB (Other Post Employment Benefits) - funds provide for the initial appropriation to the Harford County Other Post-Employment Benefit Plan to comply with GASB Statement No. 45
o	81,632	111,209	29,577	Workers' Compensation rate adjustments
o	169,600	182,000	12,400	Overtime increased based on actual expense history
o	106,820	111,602	4,782	Pension / Retirement rate adjustments

## SOLID WASTE SERVICES

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	380,700	439,750	59,050	Line items significantly adjusted, based on actual expense history:
	FY 07	FY 08	Change	
	80,000	55,050	(24,950)	Grounds Maintenance
	21,000	11,000	(10,000)	Building / Custodial Services
	11,000	18,000	7,000	Heating Fuel
	9,700	13,700	4,000	Water & Sewer
	17,000	20,000	3,000	Electricity
	2,000	7,000	5,000	Tires & Tubes
	160,000	190,000	30,000	Fuel Charges
	80,000	125,000	45,000	Non-targeted Vehicle Maintenance
	<u>380,700</u>	<u>439,750</u>	<u>59,050</u>	
o	80,000	90,000	10,000	Equipment Repair Parts - additional funds are provided to due more in-house repairs / work in lieu of hiring contractors
o	2,500	10,000	7,500	Building Supplies - additional funds are provided to due more in-house repairs in lieu of hiring contractors
o	85,000	145,000	60,000	Crushed Aggregate funds are increased to provide for construction of new longer interior haul roads towards new permitted fill areas
o	10,000	12,500	2,500	Safety Equipment - additional funds are provided to purchase a Automatic External Defibrillator



<p align="center"><b>SOLID WASTE SERVICES</b></p>	
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**FINANCIAL NOTES:**

	FY 07	FY 08	CHANGE	
O	7,684,300	7,939,507	255,207	Management Services
				FY 07      FY 08      Change
				Rubble Disposal      30,000      45,000      15,000 change in rubble fill
				Waste-to-Energy Plant      7,357,300      7,597,507      240,207 per contract
				Other      297,000      297,000      0 payment to Baltimore
				<u>7,684,300</u> <u>7,939,507</u> <u>255,207</u> City for ash

For FY 08 the management services contract for the Waste-to-Energy Plant is budgeted at the actual contract level.

The actual increase to the contract is the net result of:

FY 07 Contract	FY 08 Contract	Change	
2,550,560	2,634,728	84,168	<u>Labor Component</u> - based on the U.S. Department of Labor's Employment Cost Index increase of 3.3% from December 2005 to December 2006
1,824,690	1,965,191	140,501	<u>Materials Component</u> - based on the 4th Quarter 2006 increase over the 2005 4th Quarter of the Marshall and Swift Steam Power Equipment cost Index
			<u>Other Pass-Through Costs</u>
205,000	211,150	6,150	* Administrative Fee - based on CPI 3% increase
342,750	353,033	10,283	* Management Fee - based on CPI 3% increase
100,000	100,000	0	* Legal / Engineering Fees & Contingency
427,100	427,100	0	* Insurance
482,000	491,000	9,000	* Capital Expenditures
135,000	135,000	0	* Annual Incentives
1,290,200	1,280,305	(9,895)	* Other

## SOLID WASTE SERVICES

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	146,700	173,200	26,500	Other Professional Services - provides for the following:
				Service
				Hazardous Waste Disposal
				Groundwater Testing
				Leachate Testing
				Leachate Hauling
				Flyover
				Haul homeowner bins
				Scale Maintenance
				Parts Cleaner Service
				Surveying
				Stone Hauling
				Annual DOT Inspection
				Litter Fence
				Generator Maintenance
				Computer Cleaning
				Waste Oil Furnace
				TOTAL
o	5,093,875	5,462,300	368,425	Principal payments for the Waste-to-Energy Plant
				Waste to Energy Lease 2002
				Waste to Energy Retrofit
				2007 Lease Purchase
o	1,201,052	914,347	(286,705)	Interest payments for the Waste-to-Energy Plant
				Waste to Energy Lease 2002
				Waste to Energy Retrofit
				2007 Lease Purchase

## SOLID WASTE SERVICES

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE
o	1,169,500	215,600	(953,900) Equipment funding decreases for FY 08 but still provides for:

Replacement equipment

16,000 Waste Oil furnace for Harford Waste Disposal Center

7,000 one 50 yard homeowner bin

7,600 two 30 yard containers @ \$3,800

25,000 New propane forklift

**55,600**

Fleet replacement as recommended by Procurement in accordance with the County's Vehicle Replacement policy guidelines:

# of Vehicles	Description	Traded In Vehicles' ID #	Unit Price	Total Cost	Explanation
1	Utility Vehicle 3/4 ton	New	25,000	25,000	to perform in-house on-site repairs
1	Roll-off Truck	#659	135,000	135,000	
<b>2</b>				<b>160,000</b>	



*Waste to Energy Plant*

# HIGHWAYS

<p align="center"><b>FY 08 APPROVED HIGHWAYS FUND REVENUE BREAKDOWN</b></p>
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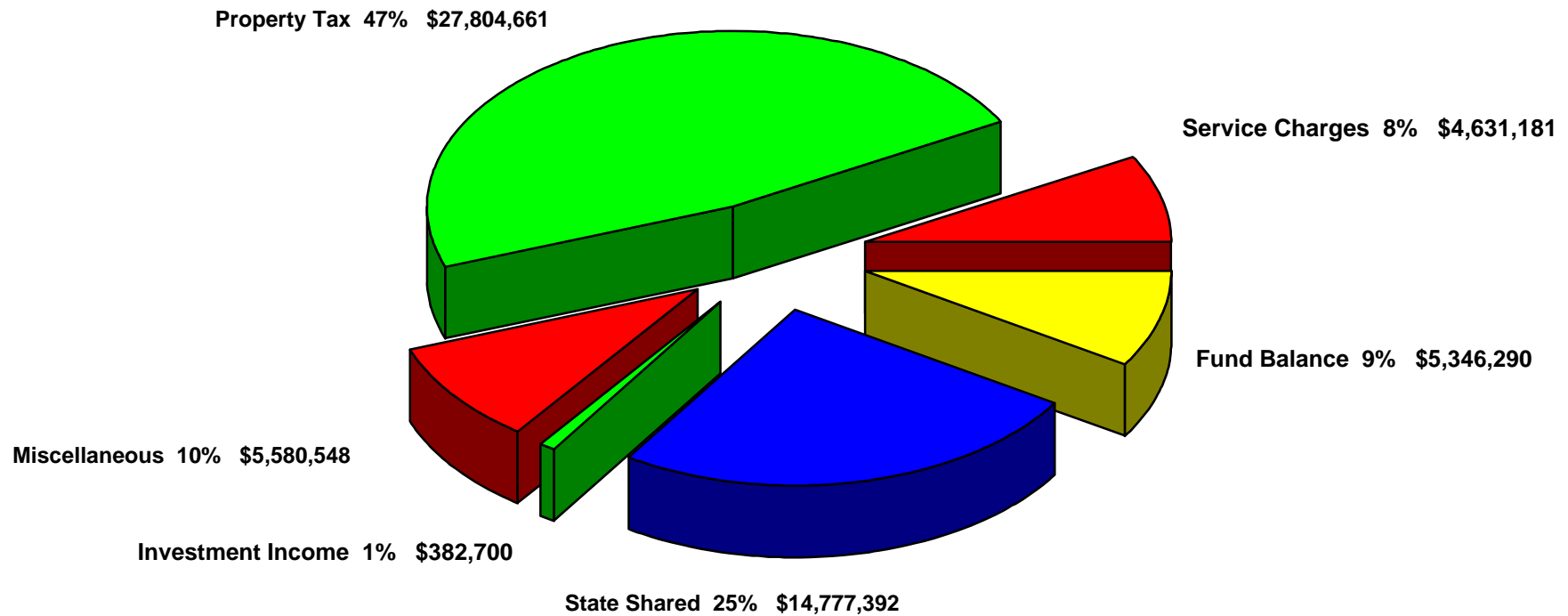
PROPERTY TAX	47%	27,804,661	STATE SHARED	25%	14,777,392
SERVICE CHARGES	8%	4,631,181	INVESTMENT INCOME	1%	382,700
FUND BALANCE	9%	5,346,290	MISCELLANEOUS:	10%	5,580,548
			Pro Rata	201,396	
			Capital Recovery	2,000,000	
			Miscellaneous	2,579,152	
			Pooled Interest Transfer-In	800,000	

<p><b>TOTAL HIGHWAYS FUND REVENUES</b></p>	<p><b>58,522,772</b></p>
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# HIGHWAYS FUND REVENUES

## Fiscal Year 2007 - 2008

### TOTAL APPROVED BUDGET \$58,522,772



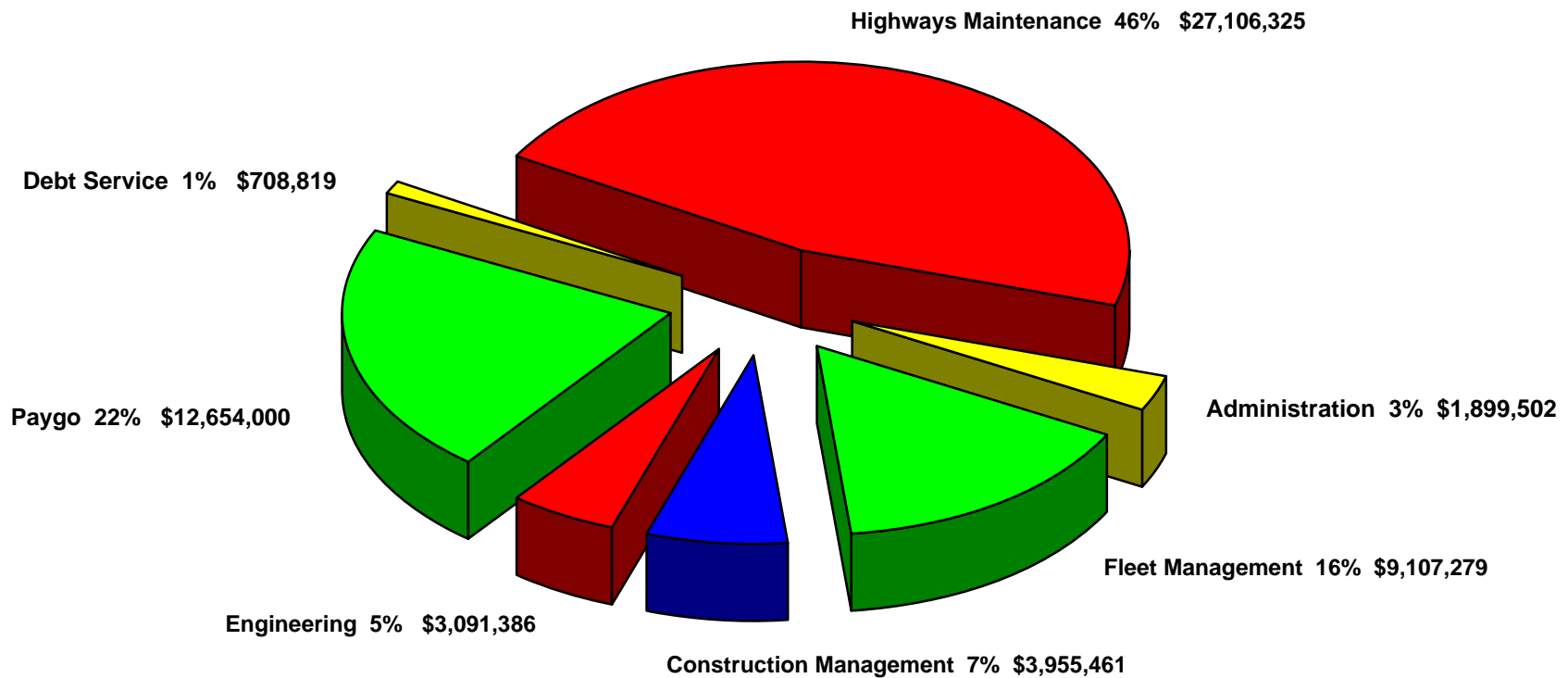
<p><b>FY 08 APPROVED HIGHWAYS FUND APPROPRIATIONS BREAKDOWN</b></p>
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<b>ADMINISTRATION:</b>	<b>3%</b>	<b>1,899,502</b>	<b>HIGHWAYS MAINTENANCE:</b>	<b>46%</b>	<b>27,106,325</b>
Personnel Matters	591,900		Highways	25,277,369	
Director	367,051		Snow Removal	1,828,956	
Insurance	310,847				
Benefits	429,704				
Contingency Reserve	200,000				
			<b>FLEET MANAGEMENT</b>	<b>16%</b>	<b>9,107,279</b>
<b>ENGINEERING</b>	<b>5%</b>	<b>3,091,386</b>	<b>CONSTRUCTION MANAGEMENT</b>	<b>7%</b>	<b>3,955,461</b>
			Vertical Construction	865,653	
			Construction Management	3,089,808	
<b>DEBT SERVICE</b>	<b>1%</b>	<b>708,819</b>	<b>PAYGO</b>	<b>22%</b>	<b>12,654,000</b>

<p><b>TOTAL HIGHWAYS FUND APPROPRIATIONS</b></p>	<p><b>58,522,772</b></p>
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**HIGHWAYS FUND  
APPROPRIATIONS  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$58,522,772**



## HIGHWAYS FUND

### ORIGIN/PURPOSE:

The Harford County Charter, Article V Budget and Finance, Section 502. (b) defines the term "County funds" to mean "any money appropriated or approved by the County Council or to which the County may at any time have legal or equitable title."

The Highways Fund is a separate budgetary / accounting entity as required by County Code, Chapter 123 Finance and Taxation Section 16 B, to account for dedicated revenues that are legally restricted to expenses relating to the maintenance, care and repair of roads and bridges located outside the boundaries of the three incorporated municipalities in Harford County; traffic patrol and highway safety; and County related transportation expenses.

The Highways Fund's principal sources of revenue are a County Property Tax differential, State Shared Highway User's Tax revenues, charges for services and Intra-County revenues.

### FUND SUMMARY:

		AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
<b><u>SUMMARY BY CHARACTER:</u></b>						
10	PERSONAL SERVICES	13,061,616	13,534,822	16,066,143	17,710,910	17,710,910
20	CONTRACTUAL SERVICES	2,833,681	3,943,337	4,505,574	4,734,272	4,737,972
30	SUPPLIES & MATERIALS	3,812,710	4,485,556	7,607,220	7,716,385	7,716,385
40	BUSINESS & TRAVEL	4,204,020	4,614,066	5,460,600	5,785,157	5,785,157
50	CAPITAL OUTLAY	1,573,192	1,840,796	2,680,599	2,816,695	2,816,695
60	DEBT SERVICE	110,036	137,111	447,819	703,819	703,819
70	MISCELLANEOUS	17,917,525	21,919,924	24,389,310	19,051,834	19,051,834
	<b>GRAND TOTAL</b>	<b>43,512,780</b>	<b>50,475,612</b>	<b>61,157,265</b>	<b>58,519,072</b>	<b>58,522,772</b>

## HIGHWAYS FUND

### FUND SUMMARY:

		AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
<b><u>SUMMARY BY DEPARTMENT:</u></b>						
03	PROCUREMENT	4,466,016	5,449,395	8,284,186	9,107,279	9,107,279
08	HUMAN RESOURCES	115,862	478,611	510,100	591,900	591,900
30	PUBLIC WORKS	26,373,472	28,347,041	33,149,456	34,516,523	34,520,223
66	DEBT SERVICE	110,036	137,111	452,819	708,819	708,819
67	INSURANCE	188,086	187,361	215,671	310,847	310,847
68	BENEFITS	(71,692)	291,093	499,711	429,704	429,704
70	MISCELLANEOUS	12,331,000	15,585,000	17,845,322	12,654,000	12,654,000
90	RESERVE FOR CONTINGENCIES	0	0	200,000	200,000	200,000
	<b>GRAND TOTAL</b>	<b><u>43,512,780</u></b>	<b><u>50,475,612</u></b>	<b><u>61,157,265</u></b>	<b><u>58,519,072</u></b>	<b><u>58,522,772</u></b>
<b><u>SUMMARY BY REVENUE SOURCE</u></b>						
	PROPERTY TAXES	22,790,995	24,968,327	27,461,453	27,804,661	27,804,661
	INTERGOVERNMENTAL / STATE SHARED	11,296,055	13,915,109	15,304,700	14,777,392	14,777,392
	SERVICE CHARGES	3,460,537	4,003,767	5,059,150	4,631,181	4,631,181
	INVESTMENT INCOME	284,301	362,472	261,994	382,700	382,700
	MISCELLANEOUS REVENUES	3,621,886	5,140,462	8,613,917	5,580,548	5,580,548
	FUND BALANCE APPROPRIATION	0	0	4,456,051	5,342,590	5,346,290
	<b>GRAND TOTAL</b>	<b><u>41,453,774</u></b>	<b><u>48,390,137</u></b>	<b><u>61,157,265</u></b>	<b><u>58,519,072</u></b>	<b><u>58,522,772</u></b>

## HIGHWAYS FUND

### FINANCIAL NOTES:

FY 08 Approved Budget	\$58,522,772
FY 07 Approved Budget	\$61,157,265
\$ growth	(\$2,634,493)
% growth	-4.31%

The (\$2,634,493) projected decrease in Highways Fund Revenues results from:

	FY 07	FY 08	CHANGE	
o	27,461,453	27,804,661	343,208	<u>Property Taxes</u> - In addition to Countywide Property Taxes, the Harford County Code, Chapter 123, Article I, Section 16 requires the County Council to levy an additional tax on property outside the city and incorporated towns, that when combined with all other Highways revenues, is sufficient to fund: <ul style="list-style-type: none"> <li>o Maintenance, care, repair and construction of roads and bridges outside of the incorporated towns</li> <li>o All expenses of the County Department of Public Works concerning County highways</li> <li>o All expenses of the County and / or Sheriff's Office regarding traffic patrol and highways safety</li> <li>o Any County expenses related to transportation services</li> </ul>

The Code also requires this fund to be a special account separate and apart from all other funds. Harford County has not changed the rate for this differential since FY 84:

\$0.156 per \$100 of assessed value for properties outside the towns.

Properties are reassessed by law once every three years and property owners are notified by the Maryland Department of Assessments and Taxation of any change in their assessment. Properties are required to be assessed at their current market value so that each property owner pays their fair share of local property taxes. Assessments are certified to the county where they are converted into property tax bills by applying the appropriate property tax rate.

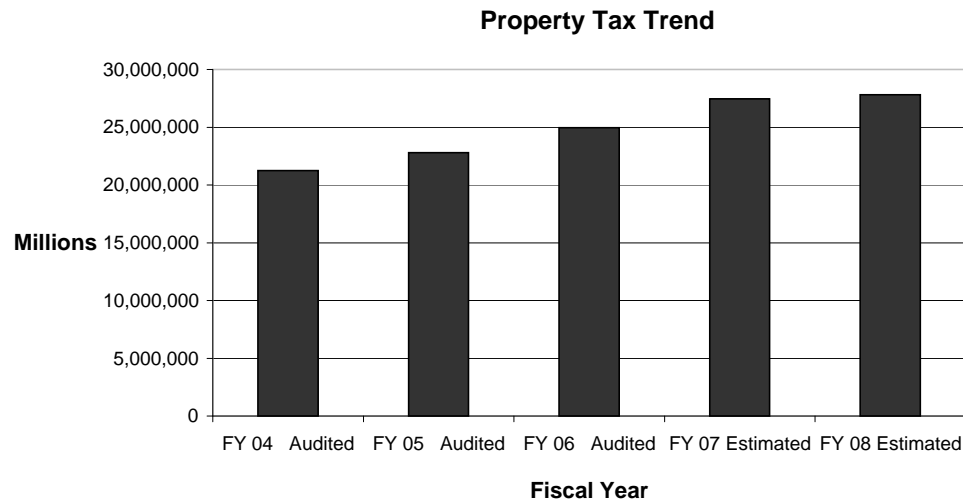
Low mortgage interest rates have led to an increased demand for residential real estate that has outpaced supply through the early part of FY 07. This in turn has resulted in rising real estate values and reassessments for the past several fiscal years. Reassessments are based on sales that have occurred in the reassessment area over the past three years with emphasis placed on most recent sales data. Any increase in the property value is phased-in equally over the next three years.

## HIGHWAYS FUND

### FINANCIAL NOTES:

Utilities and railroad property are valued by the Maryland Department of Assessments and Taxation as required under the Annotated Code of Maryland. Utilities often include many companies which function on an interconnected basis across several states. The operating unit of the utility or railroad is valued as a whole by considering the earning capacity of the operating unit based on the income approach of assessment methods with consideration given to other factors relevant to determining market value. The Maryland portion of the operating unit is apportioned to the State and then to the county in which the property is located.

Utility companies have been adjusting to a restructured environment that has spread across the nation as competition has entered the industry. New spending for capital improvements are now being made at a modest level according to information from the Maryland Department of Assessment and Taxation. Revenues and income to the utilities reflect the increasing competition for retail service. Consolidation and reorganization continue in the telecommunications industry. Overall revenues for telecommunications companies are decreasing for local and long distance carriers. Electric companies face more challenges as customers shop for competitive energy suppliers. All of this has led to a decrease in Public Utility Property Taxes for a number of years. We are beginning to see a slight increase in property tax from the utilities and railroads and that modest investments are being made.



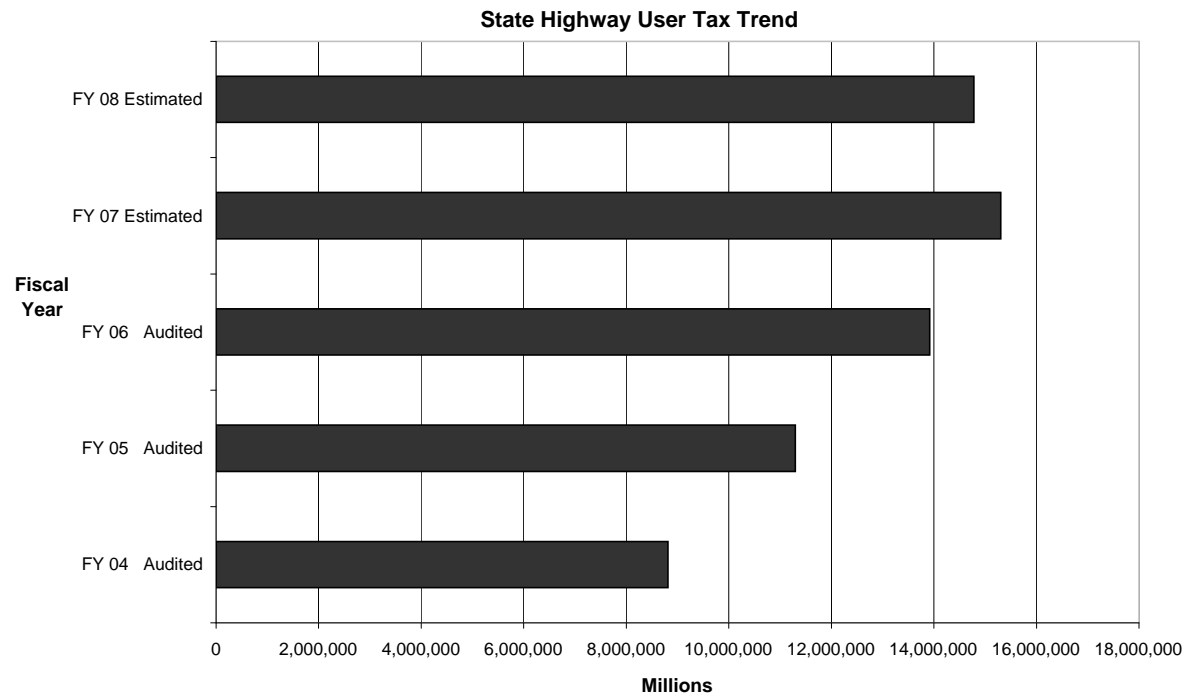
## HIGHWAYS FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
--	-------	-------	--------	--

- |   |            |            |           |                               |
|---|------------|------------|-----------|-------------------------------|
| o | 15,304,700 | 14,777,392 | (527,308) | <u>State Highway User Tax</u> |
|---|------------|------------|-----------|-------------------------------|

Due to increased fiscal problems, the State reduced the counties share of Highways User Revenues in FY 04 for a loss of over \$3.9 million to Harford County. In FY 05, Harford County realized a return to a level about the same as in FY 03. FY 08 an expected decrease in the highway user fee due to the increase price of gasoline causing a reduction in the motor vehicle fuel tax portion of the revenue source.



- |   |           |           |           |   |
|---|-----------|-----------|-----------|---|
| o | 5,059,150 | 4,631,181 | (427,969) | <u>Charges for Government Services</u> - such as inspections and plan review revenue are reduced for FY 08. |
|---|-----------|-----------|-----------|---|

All departments are charged for their share of the County's fleet maintenance contract. When the departments pay these charges, their expense becomes a revenue to the Highways Fund. This revenue is then appropriated to and expended from the Department of Public Works Highways Fund account.

## HIGHWAYS FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	4,456,051	5,346,290	890,239	<u>Fund Balance Appropriated</u> - Any excess unappropriated fund balance realized at the end of a fiscal year, above a 5% reserve designated for credit rating purposes, maintained by County policy, is appropriated into the next fiscal year's budget, and treated as one-time funding for that fiscal year.
o	261,994	382,700	120,706	<u>Investment Income</u> - is adjusted for FY 08 to align with actual receipt history and an anticipated growth in interest rates.
o	8,613,917	5,580,548	(3,033,369)	<u>Other Revenues</u>
	FY 07	FY 08	Change	The elements mainly responsible for the decrease in "Other" revenues are:
	1,108,413	800,000	(308,413)	Pooled Interest Transfer In - Highway capital project funding earns interest while still unspent. Accounting procedures require that this interest be transferred from Fund 45, our Highways Capital Projects Fund, into the Highways operating fund. Estimates are based on projected interest earnings.
	2,608,799	0	(2,608,799)	Lease Purchase 2007 - In FY 07, the County needed to replace certain rolling stock in the Highway Maintenance division of the Department of Public Works. This is planned to be completed using a 5 year financing transaction. No Lease Purchase is proposed for FY 08.

## HIGHWAYS FUND

### FINANCIAL NOTES:

The (\$2,634,493) net decrease in appropriations for the Highways Fund is the result of:

	FY 07	FY 08	CHANGE	
o	9,902,385	9,730,081	(172,304)	Full-time Salaries
			22,091	Salary Step &/or Grade Adjustments as recommended by the Department of Human Resources
			(194,395)	Staff Turnover (2.00%)
			<u>(172,304)</u>	
o		431,207	431,207	the following positions were abolished / created due to workload:
			# of Positions	Salary
			1.00	77,705
			6.00	131,886
			(1.00)	(57,567)
				Fringe
				28,281
				136,032
				(21,559)
				Total
				105,986
				267,918
				(79,126)
				59,702
				76,727
			<u>8.00</u>	<u>237,635</u>
				<u>193,572</u>
				<u>431,207</u>

Engineering Associate IV created during FY 07  
 Laborer positions created  
 Engineering Associate II abolished and position created in General Fund for Soil Conservation  
 Environmental Inspector II temporary position converted to permanent  
 Construction Inspector II temporary position converted to permanent



## HIGHWAYS FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE																	
o		2,793	2,793	Positions transferred between divisions within a department result in a net change in that department for various reasons: health benefit costs from year to year changes, an employee might be entitled to a time in grade promotion at the time of transfer, the position might be reclassified, etc.																
				For FY 08 the net change due to transfers within the department have an impact of:																
				<table><tr><td>Salary</td><td>Benefits</td><td>Total</td></tr><tr><td>1,329</td><td>1,464</td><td>2,793</td></tr></table>	Salary	Benefits	Total	1,329	1,464	2,793										
Salary	Benefits	Total																		
1,329	1,464	2,793																		
o		765,651	765,651	the FY 08 wage package of a Step + a 3% COLA																
o	2,206,164	2,212,681	6,517	Health Benefits Cost Increase																
				<table><tr><td>FY 07</td><td>FY 08</td><td>Change</td><td></td></tr><tr><td>2,190,164</td><td>2,191,081</td><td>917</td><td>Anticipated 12% increase and staff changes in level of coverage</td></tr><tr><td>16,000</td><td>21,600</td><td>5,600</td><td>Supplemental benefits increased amounts provided by 20% for FY 08</td></tr><tr><td><u>2,206,164</u></td><td><u>2,212,681</u></td><td><u>6,517</u></td><td>Total Change in Health Benefits Costs</td></tr></table>	FY 07	FY 08	Change		2,190,164	2,191,081	917	Anticipated 12% increase and staff changes in level of coverage	16,000	21,600	5,600	Supplemental benefits increased amounts provided by 20% for FY 08	<u>2,206,164</u>	<u>2,212,681</u>	<u>6,517</u>	Total Change in Health Benefits Costs
FY 07	FY 08	Change																		
2,190,164	2,191,081	917	Anticipated 12% increase and staff changes in level of coverage																	
16,000	21,600	5,600	Supplemental benefits increased amounts provided by 20% for FY 08																	
<u>2,206,164</u>	<u>2,212,681</u>	<u>6,517</u>	Total Change in Health Benefits Costs																	
o	705,986	866,386	160,400	Workers' Compensation rate adjustments																
o		501,585	501,585	OPEB (Other Post Employment Benefits) - funds provide for the initial appropriation to the Harford County Other Post-Employment Benefit Plan to comply with GASB Statement No. 45																
o	824,000	849,000	25,000	Overtime adjusted based on actual expense history																
o	875,690	830,329	(45,361)	Pension / Retirement rate adjustments																
o	400,000	450,000	50,000	Special Pays - funds appropriated for leave payouts adjusted per estimated number of retirements																
o	46,800	59,000	12,200	Uniform Allowance - additional funds provided to support a \$100 increase in uniform allowance provided to all eligible employees																
o	207,719	120,060	(87,659)	Temporary Salaries are reduced as a result of converting temporary positions to permanent																

## HIGHWAYS FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	215,671	310,847	95,176	Other Insurance - increase per actuarial analysis for General / Auto Liability / Property Damage
o	229,907	0	(229,907)	Retirees Insurance - funding is now allocated as part of OPEB (Other Post Employment Benefits)
o	918,000	1,135,000	217,000	Grounds Maintenance - increase based on actual expense history for Asplundh crews; calcium chloride applications; an additional tree crew; and mowing areas for storm water management
o	412,000	448,000	36,000	Temporary Services - additional funds provided for an additional flagger crew to support with new tree crew
o	715,500	782,000	66,500	Other Professional Services - increased funds provide for the following:
	FY 07	FY 08	Change	
	1,000	1,000	0	consultant - Office of the Director
	10,000	10,000	0	contractual inspectors - for capital projects
	5,000	55,000	50,000	traffic studies and consultants - Engineering
	150,000	160,000	10,000	contractual inspectors - increased for developer projects
	500,000	500,000	0	road projects - contractual dig-outs & patch
	1,000	1,000	0	welding services - Snow Removal
	0	5,000	5,000	environmental Service for fuel pumps
	5,000	5,000	0	Debt Service - Service Costs
	43,500	45,000	1,500	additional funds provide for pay and benefit study
	<u>715,500</u>	<u>782,000</u>	<u>66,500</u>	

## HIGHWAYS FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	350,000	400,000	50,000	Bituminous Concrete - additional funds provided for the increased costs of material and a larger maintenance area
o	450,000	550,000	100,000	Liquid Bituminous - additional funds provided for the increased costs of material and double seal road projects
o	4,104,000	4,419,000	315,000	The County's Fleet Maintenance Contract - increased based on actual expense history, due to the age of the fleet targeted services decreased causing more repairs to fall under non-targeted
				</

## HIGHWAYS FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE
o	2,680,599	2,816,695	136,096

Equipment - funds provide for the following:

Fleet Replacement as recommended by Procurement and in accordance with the County's Vehicle Replacement Policy guidelines:

#### LARGE AND / OR MISCELLANEOUS FLEET

# of Vehicles	Description	Traded in Vehicles' ID#	Unit Price	Total Cost
1	1992 Tandem	#43	175,000	175,000
8	Dump Trucks	# 12, 19, 33, 37 71, 72, 74, & 77	120,000	960,000
2	Utility Trucks	#61 & 63	60,000	120,000
1	Utility Truck	#275	80,000	80,000
1	Semi-Tractor	#151	115,000	115,000
1	Backhoe	#267	100,000	100,000
1	Grader	#101	235,000	235,000
1	Roller	#211	35,000	35,000
1	Bulldozer	#125	150,000	150,000
2	Blacktop Pavers	#332 & 335	57,000	114,000
<b>19</b>				<b>2,084,000</b>

## HIGHWAYS FUND

### FINANCIAL NOTES:

#### SMALLER FLEET

# of Vehicles	Description	Traded in Vehicles' ID#	Unit Price	Total Cost
8	Pick-up Trucks	#2, 60, 239, 242, 257, 260, 283 & 290	35,000	280,000
1	Sports Utility Vehicle	#347	25,000	25,000
3	Trailers	#131, 144 & 159	25,000	75,000
1	Hybrid Compact	New	13,200	13,200
1	Utility Vehicle	New	22,520	22,520
1	Passenger Van	New	15,500	15,500
1	Utility Vehicle	#901	27,000	27,000
1	Sports Utility	New	21,000	21,000
4	Sports Utility	# 916, 927, 992 & 942	21,000	84,000
<b>21</b>				<b>563,220</b>

Fleet Management -  
Pool Vehicle  
Fleet Management -  
Pool Vehicle  
Fleet Management -  
Pool Vehicle

Deputy Director for  
Construction Mgt

#### OTHER EQUIPMENT

1,200	Digital cameras for inspectors
3,000	Fire proof safe for Fleet Management to store tags, titles, etc.
8,500	Maintenance Equipment - provides for saws, trimmers, and blowers
109,350	Spreader boxes, plows and insta chains for snow removal
1,875	Concrete pressure meter and lab balance
45,550	First Vehicle Services equipment for vehicle maintenance
<b>169,475</b>	

## HIGHWAYS FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	130,348	67,104	(63,244)	Principal and Interest on 1991 County Bonds
	FY 07	FY 08	Change	
	121,918	62,679	(59,239)	Principal Payments
	8,430	4,425	(4,005)	Interest Payments
	<u>130,348</u>	<u>67,104</u>	<u>(63,244)</u>	
o	317,471	636,715	319,244	Principal and Interest payments on 2007 Lease Finance project
	FY 07	FY 08	Change	
	246,801	512,909	266,108	Principal Payments
	70,670	123,806	53,136	Interest Payments
	<u>317,471</u>	<u>636,715</u>	<u>319,244</u>	
o	3,885,169	3,681,330	(203,839)	The application of Highways Funds has been expanded by legislation in recent years to include traffic safety and County transportation expenses. The County Council initially approved using Highways Funds for Sheriff's Office Traffic Safety activities; this was accounted for as an expense in the Highways Fund. Additional legislation defined County support of the Board of Education's transportation expenses as eligible for Highways Funding. Although initially it was handled as a Highways Fund Contra-revenue, funds appropriated for Board of Education transportation services is now accounted for as expenses in the Highways Fund.
	FY 07	FY 08	Change	
	765,169	881,330	116,161	Sheriff's Office Traffic Safety
				this is an increased operating expense to the Highways Fund
	2,000,000	2,000,000	0	Board of Education Transportation
	1,120,000	800,000	(320,000)	Paygo funding for Board of Education Buses
	<u>3,885,169</u>	<u>3,681,330</u>	<u>(203,839)</u>	
o	2,442,319	2,500,004	57,685	Pro Rata Shares - represents Highways Funds paid to the General Fund for the overhead and administrative support functions provided there
o	17,845,322	12,654,000	(5,191,322)	Capital Improvements - Paygo funding to cover those capital projects included in the FY 08 Proposed Capital Budget for the Highways Fund
o	10,000	10,000	0	Grants & Contributions - grant to Highways Safety Committee to perform miscellaneous safety initiatives, e.g. sobriety check points

# **WATER & SEWER**

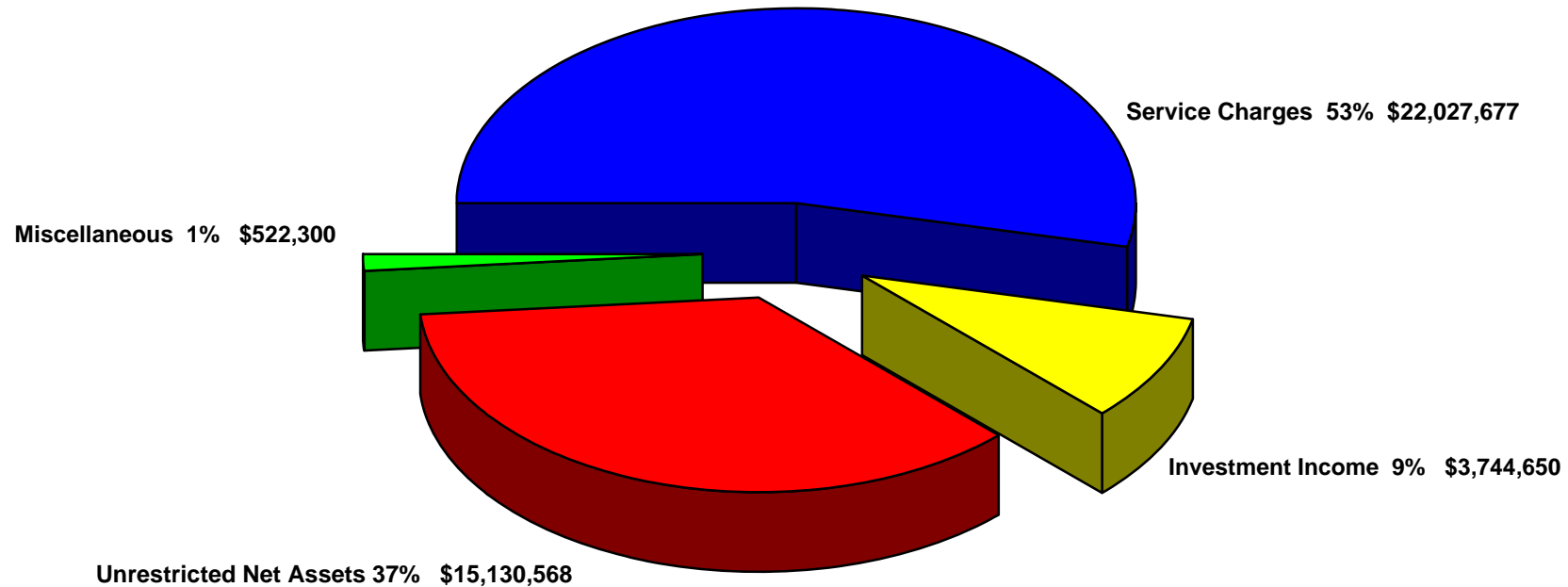
<p align="center"><b>FY 08 APPROVED WATER &amp; SEWER FUND REVENUE BREAKDOWN</b></p>
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<b>SERVICE CHARGES</b>	<b>53%</b>	<b>22,027,677</b>	<b>UNRESTRICTED NET ASSETS:</b>	<b>37%</b>	<b>15,130,568</b>
			Contributed Capital		10,281,250
			Unrestricted Net Assets		4,849,318
<b>INVESTMENT INCOME</b>	<b>9%</b>	<b>3,744,650</b>	<b>MISCELLANEOUS:</b>	<b>1%</b>	<b>522,300</b>
			Capital Recovery		250,000
			Miscellaneous		247,300
			Fine & Forfeitures		25,000

<p><b>TOTAL WATER &amp; SEWER FUND REVENUES</b></p>	<p><b>41,425,195</b></p>
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**WATER & SEWER  
OPERATING FUND REVENUES  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$41,425,195**



<p align="center"><b>FY 08 APPROVED WATER &amp; SEWER FUND APPROPRIATIONS BREAKDOWN</b></p>
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**ADMINISTRATION:**                      7%                      3,032,116

Administration	2,932,116
General Inventory	100,000

**W & S MAINTENANCE:**                      17%                      6,897,659

Water O&M Abingdon	4,168,315
Sewer O&M Abingdon	2,430,375
Water O&M Joppatowne	106,015
Sewer O&M Joppatowne	80,954
Whiteford / Cardiff Svc Community	112,000

**OTHER:**                                      8%                      3,334,540

Accounting	750,752
Personnel Matters	378,100
Insurance	253,376
Benefits	152,312
Paygo	1,800,000

**DEPRECIATION**                                      25%                      10,281,250

**WASTEWATER PROCESSING:**                      25%                      10,278,586

Industrial Waste Management	176,721
Sewer O&M Sod Run	7,083,529
Joppatowne Sewerage Treatment	693,209
Sewer O&M Pump/Meter Station	2,219,729
Sewer O&M Spring Meadows	105,398

**WATER PRODUCTION:**                      15%                      6,273,092

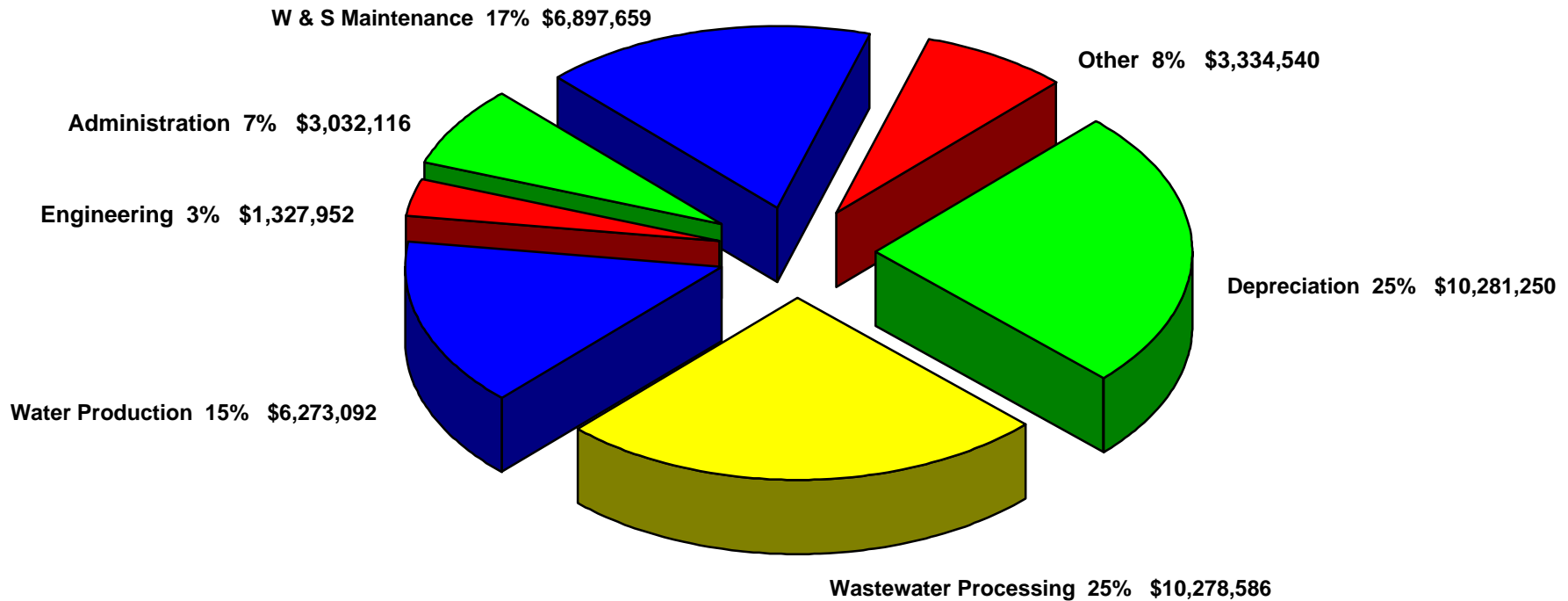
Water O&M Perryman	762,497
Water O&M Booster Stations	469,934
Water O&M Havre de Grace	1,267,085
Water O&M Abingdon-Big Inch	3,758,246
Water O&M Carbon Treatment	15,330

**ENGINEERING:**                                      3%                      1,327,952

Water Engineering	659,859
Sewer Engineering	668,093

<p><b>TOTAL WATER &amp; SEWER FUND APPROPRIATIONS</b>                      <b>41,425,195</b></p>
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**WATER & SEWER OPERATING  
FUND APPROPRIATIONS  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$41,425,195**



## WATER AND SEWER FUND

### ORIGIN/PURPOSE:

The Harford County Charter, Article V Budget and Finance, Section 502. (b) defines the term "County funds" to mean "any money appropriated or approved by the Council to which the County may at any time have legal or equitable title."

The Water and Sewer Operating Fund was established as a self-sustaining utility to account for water and sewer services provided by Harford County Government, through the Water and Sewer Division of the Department of Public Works and dedicated divisions of Treasury and Human Resources.

Harford County Code, Chapter 256-3, declares the County to be a "sanitary district" and that the Department of Public Works Division of Water & Sewer shall exercise control of all publicly owned water, sewerage and waste-water facilities and systems in the County. The County Council is enabled by the Code's Chapter 256-4 to establish sanitary subdistricts and to revise all rates, charges, assessments or other payments required by or levied by the County.

For the purpose of securing revenue to maintain, repair and operate its water supply, sewerage or drainage systems, and other expenses, including depreciation allowances, plus interest on and retirement of bonds, the County is authorized by Chapter 256-19 to make various service charges for water, sewer and drainage service and a charge for water used, and may impose late fees on bills that remain unpaid. The County may also turn off water and levy turn-on and / or turn-off fees; plus upon an owner's request for cessation or installation of service, the County may charge a fee.

Per Chapter 256-20 a meter is required to be placed on each water connection to the County's water system. These meters remain the property of the County and the County can impose a charge for installation of the meter.

So enabled by Code, the County funds its Water and Sewer operations with the following revenues:

User Charges for both Water and Sewer; Service Charges including: tests and inspections, design review, construction meter rental, hydrant charges, job / shop repair orders, meter installations, Miss Utility charges to locate water and sewer lines for developers, industrial waste permits, interest and penalties, and miscellaneous general government charges.

## WATER AND SEWER FUND

### FUND SUMMARY:

		AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
<b><u>SUMMARY BY CHARACTER:</u></b>						
10	PERSONAL SERVICES	10,993,011	11,658,254	13,667,617	14,783,020	14,783,020
20	CONTRACTUAL SERVICES	4,506,367	4,901,124	6,361,290	6,690,469	6,694,969
30	SUPPLIES & MATERIALS	2,040,259	2,017,406	3,165,917	3,349,167	3,349,167
40	BUSINESS & TRAVEL	485,990	588,014	706,461	704,662	704,662
50	CAPITAL OUTLAY	929,018	1,065,619	796,145	978,323	978,323
70	MISCELLANEOUS	14,660,016	15,739,734	13,348,007	13,920,054	14,170,054
80	INTER-GOVERNMENTAL	499,153	598,346	745,000	745,000	745,000
	<b>GRAND TOTAL</b>	<b>34,113,814</b>	<b>36,568,497</b>	<b>38,790,437</b>	<b>41,170,695</b>	<b>41,425,195</b>

<b><u>SUMMARY BY DEPARTMENT:</u></b>						
04	TREASURY	651,404	653,420	824,856	750,752	750,752
08	HUMAN RESOURCES	33,392	123,968	419,100	378,100	378,100
30	PUBLIC WORKS	30,297,364	31,784,722	35,980,431	38,086,155	38,090,655
67	INSURANCE	142,134	95,831	157,066	253,376	253,376
68	BENEFITS	(110,480)	(18,380)	183,984	152,312	152,312
70	MISCELLANEOUS	3,100,000	3,928,936	1,225,000	1,550,000	1,800,000
	<b>GRAND TOTAL</b>	<b>34,113,814</b>	<b>36,568,497</b>	<b>38,790,437</b>	<b>41,170,695</b>	<b>41,425,195</b>

<b><u>SUMMARY BY REVENUE SOURCE:</u></b>						
	SERVICE CHARGES	19,708,661	20,977,867	21,500,355	22,027,677	22,027,677
	INVESTMENT INCOME	1,875,240	3,615,661	3,050,684	3,744,650	3,744,650
	MISCELLANEOUS REVENUE	168,130	292,303	303,500	272,300	272,300
	UNRESTRICTED NET ASSETS	0	0	3,624,898	4,594,818	4,849,318
	CONTRIBUTED CAPITAL	0	0	10,111,000	10,281,250	10,281,250
	RECOVERY FROM CAPITAL PROJECTS	181,310	307,926	200,000	250,000	250,000
	<b>GRAND TOTAL</b>	<b>21,933,341</b>	<b>25,193,757</b>	<b>38,790,437</b>	<b>41,170,695</b>	<b>41,425,195</b>

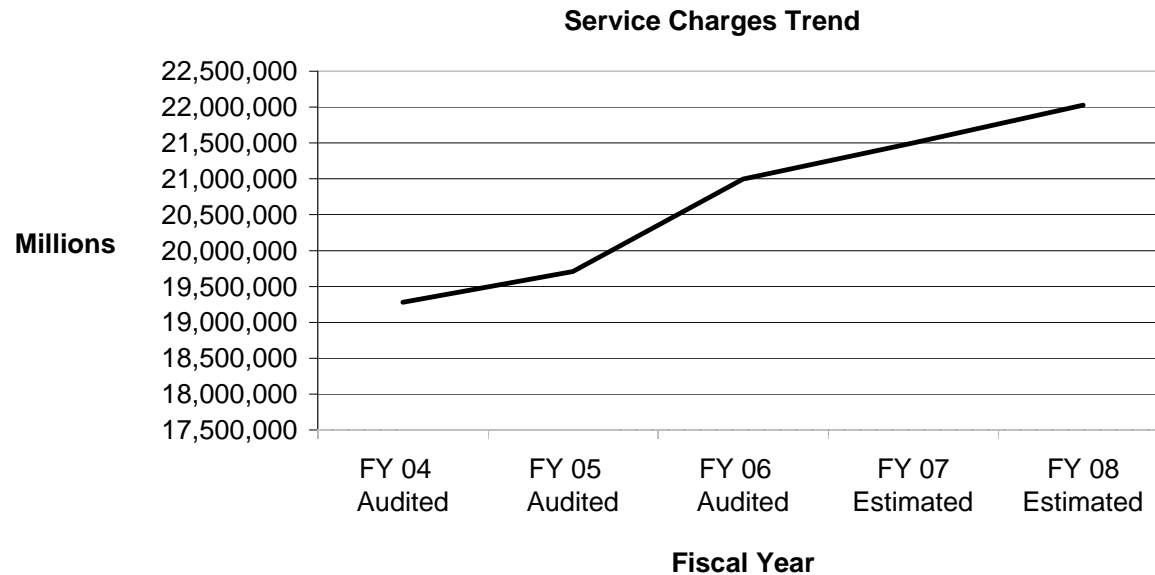
## WATER AND SEWER FUND

### FINANCIAL NOTES:

FY 08 Approved Budget	\$41,425,195
FY 07 Approved Budget	\$38,790,437
\$ growth	\$2,634,758
% growth	6.79%

The \$2,634,758 net increase in Water and Sewer Operating Fund revenue is projected to result from:

	<b>FY 07</b>	<b>FY 08</b>	<b>CHANGE</b>	
o	21,500,355	22,027,677	527,322	<u>Service Charges</u> - The increase in service charges is based on a combination of the number of anticipated new customers and an annual user rate adjustment based on the consumer price index.



## WATER AND SEWER FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	3,050,684	3,744,650	693,966	<u>Investment Income</u> - The increase in investment income is anticipated from rising interest rates on investments made daily on idle cash.
o	303,500	272,300	(31,200)	<u>Miscellaneous Revenue</u> - Includes sundry fines and forfeitures, sale of surplus vehicles, lease purchase proceeds and other revenues that cannot be classified.
o	3,624,898	4,849,318	1,224,420	<u>Unrestricted Net Assets</u> - These are surplus funds from prior years that are being used to finance current year operations.
o	10,111,000	10,281,250	170,250	<u>Contributed Capital</u> - This is the depreciation add-back on assets acquired with contributed capital. Increase is due to the construction completion of water and sewer capital projects.
o	200,000	250,000	50,000	<u>Recovery from Capital Projects</u> - This is the cost of salaries, benefits, supplies, materials, and equipment recovered from capital projects. The revenue has been adjusted to align with revenue trends.

## WATER AND SEWER FUND

### FINANCIAL NOTES:

The \$2,634,758 net increase in the Water and Sewer Fund is the result of:

	FY 07	FY 08	CHANGE	
o		667,188	667,188	the FY 08 wage package of a Step + a 3% COLA for all eligible employees
o	8,940,791	8,775,884	(164,907)	Full Time Salaries
			11,549	Salary Step &/or Grade adjustments based on the recommendations of the Dept of Human Resources
			(176,456)	Staff Turnover (2.01%)
			<u>(164,907)</u>	
o		53,191	53,191	Positions transferred between divisions within a department result in a net change in that department for various reasons: health benefit costs from year to year changes, and employee might be entitled to a time in grade promotion at the time of transfer, the position might be reclassified, etc.

For FY 08 the net change due to transfers within the department have a Water & Sewer Fund impact of:

				Salary 2,618	Fringe 50,573	Total 53,191	
o	62,594	62,594	Net Change in full-time positions				
			# of pos	Job Classification	Salary	Fringe	Total
			(1.0)	Drafting Technician Trainee abolished and a position created in General Fund	(24,424)	(18,774)	(43,198)
				Water Resources			
			1.0	Civil Engineer I created due to workload	41,177	23,789	64,966
			1.0	W & S Utility Worker I	26,094	21,870	47,964
			1.0	Laboratory Assistant temporary converted to permanent	30,851	23,050	53,901
			(1.0)	Senior Plant Operator - abolished and a position created in General Fund	(38,649)	(22,390)	(61,039)
			<u>1.0</u>	<u>Procurement</u>	<u>35,049</u>	<u>27,545</u>	<u>62,594</u>
o	1,845,899	1,957,734	111,835	an anticipated 12% increase in Health Benefits costs plus staff opting for changes in level of coverage			
o	402,576	402,576	OPEB (Other Post Employment Benefits)- funds provide for the initial appropriation to the Harford County Other Post-Employment Benefit Plan to comply with GASB Statement No. 45				



## WATER AND SEWER FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE
o	271,285	361,005	89,720 Workers' Compensation rate adjustment
o	99,945	124,268	24,323 Temporary Salaries adjusted based on actual expense history
o	754,915	733,895	(21,020) Pension / Retirement rate adjustments
o	300,000	200,000	(100,000) Special Pays - leave payouts for potential retirement of eligible staff - adjusted per anticipated retirements
o	153,272	0	(153,272) Retirees Insurance - funding is now allocated as part of OPEB (Other Post Employment Benefits)
o	1,029,490	1,043,585	14,095 Other Professional Services

Division	FY 07	FY 08	Change	Explanation
Human Resources Personnel Matters	43,500	45,000	1,500	health care consultant @ \$3,000 human resource issues @ \$2,000 pay & classification study @ \$40,000
Accounting	11,630	4,000	(7,630)	decrease result of mailings completed in-house instead of contractually
Public Works Maintenance	137,125	137,125	0	preventive maintenance program
Public Works Water Production	119,675	144,000	24,325	additional funds provided for mandated testing
Public Works Wastewater Processing	717,560	713,460	(4,100)	costs to pump Sod Run lagoon decreased
Totals	1,029,490	1,043,585	14,095	

## WATER AND SEWER FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	2,725,683	3,053,892	328,209	Electricity funding is increased based on actual expense history and an anticipated increase in costs
o	948,097	1,046,050	97,953	County Facility Repair and Renovations - additional funds provide for normal repairs and preventative maintenance to both water and wastewater plants / facilities - testing and calibrating of master meters and backflow preventors
o	157,066	253,376	96,310	Other Insurance - increase per actuarial analysis for General / Auto Liability / Property Damage
o	25,000	40,000	15,000	Engineering Services - funds provide for assessment, bid specifications and inspection of major projects for painting water towers; assistance with small plant operational problems and design of repairs; and additional funds provided for work on clarifier drives.
o	24,000	80,000	56,000	Medical Services - increased based on actual expense history for physicals, drug testing, etc.
o	45,750	60,750	15,000	Pipes, Culverts, & Fittings - increased based on actual expense history for maintenance and repair of mains and service lines
o	954,690	1,041,470	86,780	Chemicals in Bulk increase is based on higher treatment volume and price increase for chemicals
o	88,054	104,129	16,075	Grates, Manhole Cover - additional funds provide for purchase of larger water meter frames, covers and plastic lids for radio read and insert dishes to control inflow and sewer odors
o	54,375	66,970	12,595	W & S Lines Service Parts - additional funds provided due to anticipated 27% increase in the cost of copper
o	98,400	105,136	6,736	General Office Mailing - additional funds provided due to mailing of EPA mandated consumer confidence reports to all Harford County water customers, the new water bill format will no longer handle this insert - must be mailed separately
o	378,652	372,300	(6,352)	Vehicle Maintenance - mainly due to the aging fleet the targeted maintenance costs are reduced (\$9,500) causing more repairs to fall under non-targeted for an increase of \$3,148
o	1,137,429	1,099,622	(37,807)	Line items significantly adjusted, based on actual expense history:
	FY 07	FY 08	Change	
	205,800	145,500	(60,300)	Utility Water & Sewer Purchases
	89,025	98,625	9,600	Water Meter Repair Parts
	427,025	462,425	35,400	Equipment Repair Parts
	206,517	180,172	(26,345)	Operating Equipment
	209,062	212,900	3,838	Fuel Charges
	<u>1,137,429</u>	<u>1,099,622</u>	<u>(37,807)</u>	

## WATER AND SEWER FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE
o	796,145	978,323	182,178 Equipment

<b>Normal Annual Purchases</b>	<b>345,395</b>
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Testing Gauge	39,900	Hydraulic Power Tools	2,570
Saws	3,000	Radios Mobile & Portable	10,400
Generators	3,450	Hex a Gram & Meters	86,825
Pumps	124,180	Leak Detection Equipmer	8,070
Flow Meter	12,300	Lab Equipment	5,200
Blowers	2,400	W & S Wells	38,000
Electric Heaters	2,500	Air Compressors	4,400
Tampers	2,200		

<b>Replacement Equipment</b>	<b>228,728</b>
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Electric Heaters	5,250	replace ceiling mounted electric heaters at Abingdon WTP
Air Conditioners	2,400	phase II of three year air conditioner replacement
Chairs	950	replace broken chairs
Shelving	500	for small parts storage in locked inventory area
Generator	40,000	replace old, obsolete generator to supply standby power
Lab Equipment	1,000	replace dissolved oxygen meter and probe w / computer transmit
Other	47,628	purchase RTU units for replacement and to sell to developers and upgrade 30 radios in the SCADA system
Other Equipment	48,000	to install dissolved oxygen probes in BNR basins @ \$20,000 and a set of back-up units for the mixers @ \$28,000
Plant Improvements	83,000	replace two variable frequency drives at Bush Creek pump station @ \$75,000 and install submersible transducers which is an on-going program @ \$8,000
<b>New Equipment</b>		<b>30,900</b>

Electronic Processing Control Equip	20,900	purchase an external hard drive and software for automatic daily backups @ \$15,000 and four (4) SCADA monitors, two (2) printers and five (5) internal hard drives @ \$5,900
Plant Improvements	10,000	security improvements as recommended through an EPA funded security study

## WATER AND SEWER FUND

### FINANCIAL NOTES:

<b>Other Equipment</b>	<b>75,300</b>
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Other Equipment	2,600	replace plant pressure and flow transducers that are worn and aged
	21,050	install continuous chlorine analyzer, replace old flow recorder, and replace hypochlorite cell loads
	4,000	replace in-line finished water turbid meter and flow / pressure transducer
	47,650	replace butterfly valves, equalization tank bubbler stir compressor, streaming current unit

<b>Vehicles</b>	<b>298,000</b>
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All of these vehicles are replacements and have been recommended by Procurement per the County's Vehicle Replacement Policy

# of Vehicles	Description		Traded in Vehicles' ID#		Unit Price		Total Cost
1	Dump Truck		#515		96,000		96,000
2	4x4 Jeep		#530 & 566		20,000		40,000
1	3/4 ton Truck		#510		26,000		26,000
1	Ford Truck		#545		24,500		24,500
1	Pick-up Truck		#525		26,000		26,000
1	1/2 ton Pick-up		#523		13,500		13,500
1	Hybrid Auto		New		12,000		12,000
1	Backhoe		#521-A		60,000		60,000
<b>9</b>							<b>298,000</b>

## WATER AND SEWER FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
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o	124,000	132,700	8,700	Payments to Other Government Agencies - sludge generation fees for:
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Division	FY 07	FY 08	Change	Explanation
Maintenance	91,300	100,000	8,700	payments to the Pennsylvania Delta Borough for waste treatment, based on actual expense history and, as required by an inter-state agreement
Wastewater Processing	32,700	32,700	0	sludge generation fees for Joppatowne, Sod Run, and Spring Meadows per actual fee paid to MDE
	124,000	132,700	8,700	

o	1,881,507	1,949,604	68,097	Pro Rata Shares - represents Water & Sewer Funds paid to the General Fund for the overhead and administrative support functions provided there. It also covers Water and Sewer Operations share of the Director of Public Works Budget, which is in the Highways Fund.
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FY 07	FY 08	Change	
162,250	179,816	17,566	Water & Sewer Fund Pro Rata to the Public Works - Director
1,719,257	1,769,788	50,531	Water & Sewer Fund Pro Rata to the General Fund
<u>1,881,507</u>	<u>1,949,604</u>	<u>68,097</u>	

o	10,111,000	10,281,250	170,250	Depreciation per Treasury estimates
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o	1,225,000	1,800,000	575,000	Paygo funds per the FY 08 Approved Capital Budget
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***Abingdon Water Tower  
Abingdon, Maryland***

# **WATER & SEWER DEBT SERVICE**

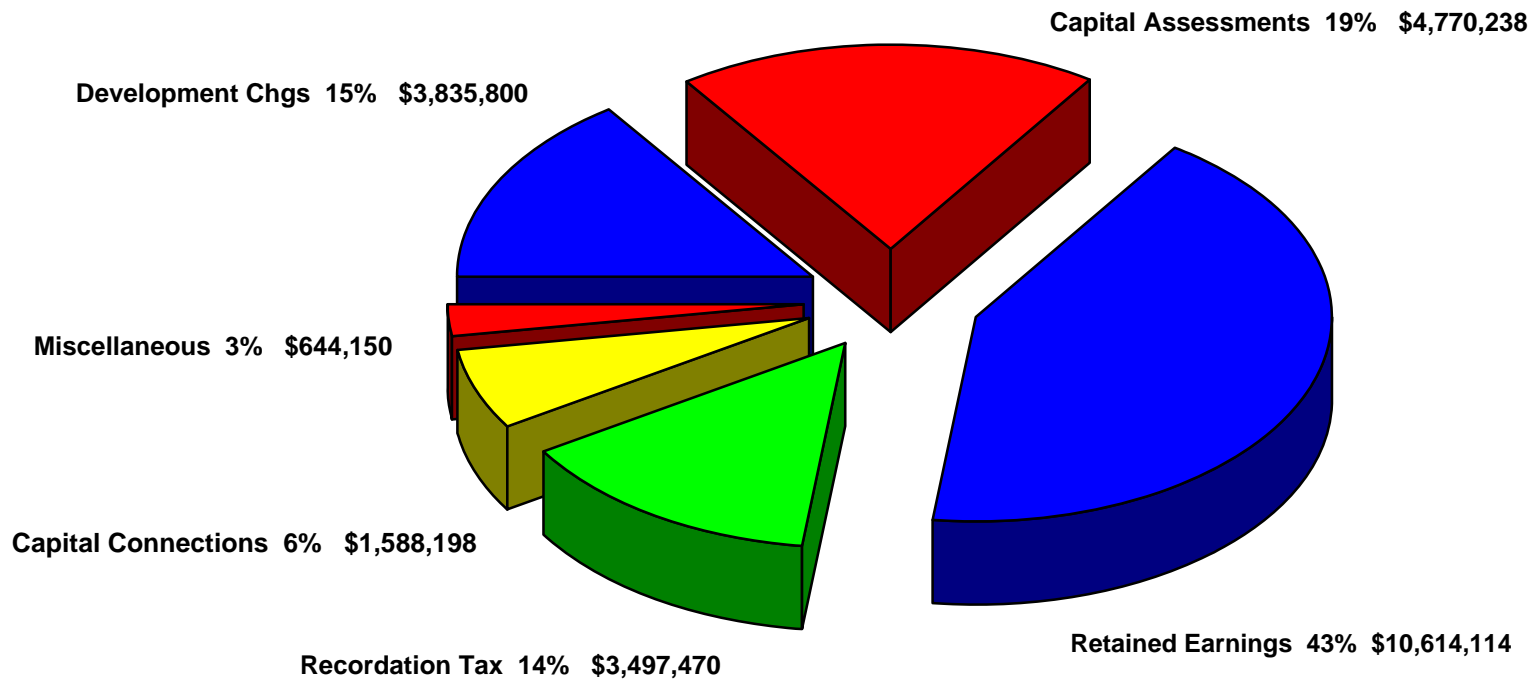
<p><b>FY 08 APPROVED WATER &amp; SEWER DEBT SERVICE FUND REVENUE BREAKDOWN</b></p>
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DEVELOPMENT CHARGES	15%	3,835,800	CAPITAL CONNECTIONS	6%	1,588,198
CAPITAL ASSESSMENTS	19%	4,770,238	MISCELLANEOUS	3%	644,150
RETAINED EARNINGS APPROPRIATED	43%	10,614,114	RECORDATION TAX	14%	3,497,470

<p><b>TOTAL WATER &amp; SEWER DEBT SERVICE FUND REVENUES</b></p>	<p><b>24,949,970</b></p>
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**WATER & SEWER DEBT  
SERVICE FUND REVENUES  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$24,949,970**

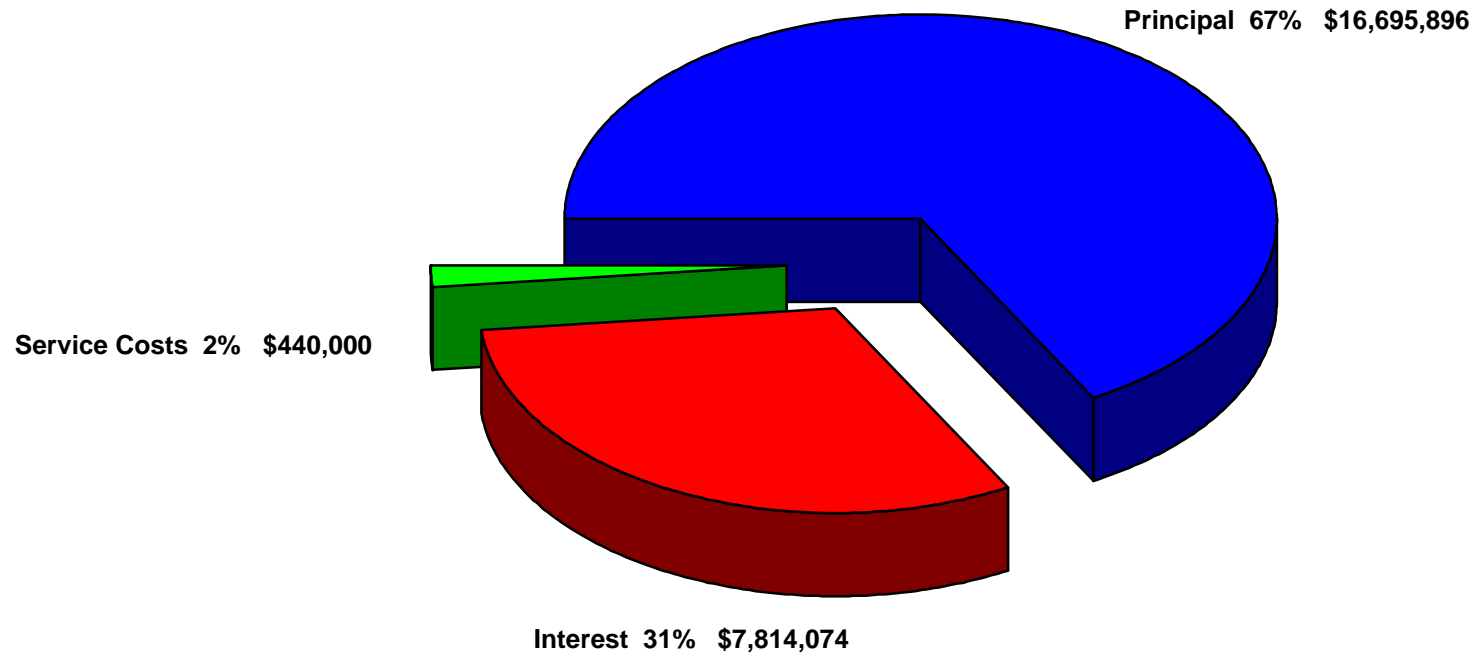


**FY 08 APPROVED WATER & SEWER DEBT SERVICE FUND  
APPROPRIATIONS BREAKDOWN**

<b>PRINCIPAL</b>	<b>67%</b>	<b>16,695,896</b>	<b>INTEREST</b>	<b>31%</b>	<b>7,814,074</b>
			<b>SERVICE COSTS</b>	<b>2%</b>	<b>440,000</b>

<b>TOTAL WATER &amp; SEWER FUND DEBT SERVICE APPROPRIATIONS</b>	<b>24,949,970</b>
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**WATER & SEWER DEBT SERVICE  
APPROPRIATIONS  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$24,949,970**



## WATER AND SEWER DEBT SERVICE FUND

### ORIGIN/PURPOSE:

The Harford County Charter, Article V Budget and Finance, Section 502. (b) defines the term "County funds" to mean "any money appropriated or approved by the Council to which the County may at any time have legal or equitable title."

The Water and Sewer Debt Service Fund provides appropriation authority for the payment of principal and interest on long-term water and sewer bonds and loans. Article V, Section 524 of the Harford County Charter allows the County to incur debt for longer than one year, but not for current operating expenses. All County debt in excess of one year is limited to 30 years after the date of issuance, except debt incurred to finance waste, sewer and wastewater facilities which shall become due not later than 40 years after the date of issuance. These bonds and loans are used to finance the capital projects of the County owned Water and Sewer System. Revenues for the Water and Sewer Debt Service Fund are derived from:

### **SYSTEM CAPITAL CHARGES** - which include:

**Connection Charges** - These charges are based on a schedule of \$450 for sewerage connections and \$650 for water connections based upon: peak demands, the ratio of peak demand to 30 fixture units, and size of the meter. Harford County Code Chapter 256, Article V, Section 44 established these charges. All connection charges must be paid before physical connection to the system or within six months of the date, the property is physically benefited.

**Surcharges** - Established by Harford County Code Chapter 256, Article V, Section 45.1, these surcharges are placed on every water and sewer connection at \$450 per five-eighths inch equivalent area connection charge for water, and similarly \$100 for sewer. Surcharges are to be paid before issuance of a plumbing permit.

**Development Charges** - System development charges were established by Harford County Code Chapter 256, Article V, Section 45.2, Water/Sewer mains must be deemed operational by the Department of Public Works, and development charges must be paid, before the issuance of a plumbing permit for connection. These fees are based on each five-eighths inch equivalent area connection which increase by 6% each July 1st. For FY 08 the water system fee is \$2,085 and the sewer system fee is \$4,308.

### **ASSESSMENTS** - are comprised of:

**Benefit Assessments** - Harford County Code, Chapter 256-27 authorizes the County Council, on the recommendation of the Director of Public Works, to establish an annual "benefit assessment" on properties in the systems to pay for construction, purchase or establishment of water and/or sewer facilities. The Director of Public Works, after obtaining from the County Treasurer the costs of the capital improvements, shall determine the proper assessment to be levied.

**User Benefit Assessments** - Harford County Code, Chapter 256-45.2 authorizes "user benefit assessments" against all properties which benefited from a connection to county public facilities, to create a fund to pay for the expansion, extension or reconstruction of the water and/or sewer system. These assessments are to be made for a period of 25 years from the date of connection, and are imposed at a rate of \$70 per five-eighths inch equivalent area connection charge for properties connected to the water/sewer system before December 31, 1991, and \$140 per five-eighths inch equivalent for properties connected after December 31, 1991.

## **WATER AND SEWER DEBT SERVICE FUND**

### **ORIGIN/PURPOSE:**

#### **RECORDATION TAX RECEIPTS**

State law imposes a tax on every instrument of writing recorded or offered for record with the Clerk of the Circuit Court (liens, deeds, mortgages, etc.), at the rate of \$4.40 per \$1,000 of the actual consideration to be paid for property transferred, or of the principal amount of the debt secured. Harford County splits the proceeds from this tax: 2/3 to fund school debt and/or school construction; 1/6 to fund Parks and Recreation capital projects; and 1/6 to support the Water and Sewer Debt Service Fund.

#### **BIOLOGICAL NUTRIENT REMOVAL FEE**

This fee was added to the County Code Chapter 256, Article V, Section 45.5 to cover the debt payment that the County incurred on capital construction costs to install the biological nutrient removal process at the Sod Run Wastewater Treatment Plant. Sewer system customers are billed each fiscal year based on the customer's sewer usage. This fee will remain in effect until the total debt service incurred for this period is retired.

#### **SANITATION PERMIT**

The County Health Department imposes an assessment and requires a permit to install a septic system. The permit fee is collected by the County Department of Inspections, Licenses, and Permits, and the revenue is divided between the Water & Sewer Debt Service Fund and a General Fund account dedicated to the Health Department.

#### **CAPITAL SURCHARGES**

The Governmental Accounting Standards Board (GASB), the standard-setting authority for governmental accounting, introduced a financial reporting model through GASB Statement No. 34, which requires capital contributions flow through income statements as revenues. This account will be used to record surcharges for a limited number of specific projects as well as any future capital surcharges to be set.

#### **INVESTMENT INCOME**

This account is provided to record interest earned on the investment of all idle cash in the Water and Sewer Debt Service Fund.

#### **INTEREST AND PENALTIES**

Chapter 256-19 of the Harford County Code imposes on late payment of water and sewer bills, turn on / turn off fees and meter tampering.

## WATER AND SEWER DEBT SERVICE FUND

### FUND SUMMARY:

		AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
<b><u>SUMMARY BY CHARACTER:</u></b>						
20	CONTRACTUAL SERVICES	126,816	133,384	250,000	250,000	250,000
30	SUPPLIES & MATERIALS	0	0	20,000	20,000	20,000
60	DEBT SERVICE	11,734,972	17,642,590	13,456,081	24,679,970	24,679,970
	<b>GRAND TOTAL</b>	<b>11,861,788</b>	<b>17,775,974</b>	<b>13,726,081</b>	<b>24,949,970</b>	<b>24,949,970</b>

### **SUMMARY BY DEPARTMENT:**

66	DEBT SERVICE	11,861,788	17,775,974	13,726,081	24,949,970	24,949,970
	<b>GRAND TOTAL</b>	<b>11,861,788</b>	<b>17,775,974</b>	<b>13,726,081</b>	<b>24,949,970</b>	<b>24,949,970</b>

### **SUMMARY BY REVENUE SOURCE:**

RECORDATION TAX	3,403,703	3,943,394	2,755,000	3,497,470	3,497,470
CAPITAL ASSESSMENTS	4,799,190	4,830,656	3,495,000	4,770,238	4,770,238
CAPITAL CONNECTIONS	3,054,615	2,295,776	2,025,000	1,588,198	1,588,198
DEVELOPMENT CHARGES	8,009,708	5,704,229	5,238,000	3,835,800	3,835,800
INVESTMENT INCOME	129,167	400,302	75,000	400,000	400,000
NET ASSETS APPROPRIATED	0	0	38,250	10,614,114	10,614,114
MISCELLANEOUS	49,790	294,556	99,831	244,150	244,150
<b>GRAND TOTAL</b>	<b>19,446,173</b>	<b>17,468,913</b>	<b>13,726,081</b>	<b>24,949,970</b>	<b>24,949,970</b>

## WATER AND SEWER DEBT SERVICE FUND

### FINANCIAL NOTES:

FY 08 Approved Budget	\$24,949,970
FY 07 Approved Budget	\$13,726,081
\$ growth	\$11,223,889
% growth	81.77%

The \$11,223,889 net increase in Water and Sewer Debt Service revenue is projected to result from:

	FY 07	FY 08	CHANGE	
o	2,755,000	3,497,470	742,470	<u>Recordation Tax</u> - receipts have increased over FY 07 levels due in part to an increase in the base value of transactional value.
o	3,495,000	4,770,238	1,275,238	<u>Capital Assessments</u> - with interest rates rising, new housing activity is expected to slow over prior years' levels. We should start to see a decrease in the levels of assessments in future fiscal years as housing construction activity has decreased for the foreseeable future.
o	2,025,000	1,588,198	(436,802)	<u>Capital Connections</u> - rising interest rates will mean a slow down in new housing activity over prior years' levels. Capital Connection revenues will decrease as a result.
o	5,238,000	3,835,800	(1,402,200)	<u>Development Charges</u> - rising interest rates will mean a slow down in new housing activity over prior years' levels. This revenue will decrease for FY 08, as we start to see a flattening in the levels of receipts from Development Charges.
o	75,000	400,000	325,000	<u>Investment Income</u> - a slight increase in Investment Income is anticipated as interest rates are projected to rise over the next year.
o	38,250	10,614,114	10,575,864	<u>Net Assets Appropriated</u> - due to the pending sale of bonds for the expansion of the Abingdon Water Treatment Plant net assets appropriated has been increased significantly over FY 07.
o	99,831	244,150	144,319	<u>Miscellaneous</u> - this projection is based on actual receipt history.

## WATER AND SEWER DEBT SERVICE FUND

### FINANCIAL NOTES:

With the adoption of the FY 08 Approved Capital Budget the anticipated value of  
Outstanding Water and Sewer Bonds and Loans as of June 30, 2007 would be      \$106,007,717

The \$11,223,889 net increase in the Water and Sewer Debt Service Fund is the result of:

	FY 07	FY 08	CHANGE	
o	9,503,145	16,695,896	7,192,751	Principal Payments - are adjusted to the amounts due on outstanding debt.
o	3,782,936	7,814,074	4,031,138	Interest Payments
o	440,000	440,000	0	Service Costs
				FY 07                      FY 08                      Change
				Legal Services                      20,000                      20,000                      0
				Management Services                      210,000                      210,000                      0
				Other Professional Services                      20,000                      20,000                      0
				Printing Commercial                      20,000                      20,000                      0
				Cost of Issuance                      170,000                      170,000                      0
				Totals <u>440,000</u> <u>440,000</u> <u>0</u>



# **PARKS & RECREATION SPECIAL REVENUE**

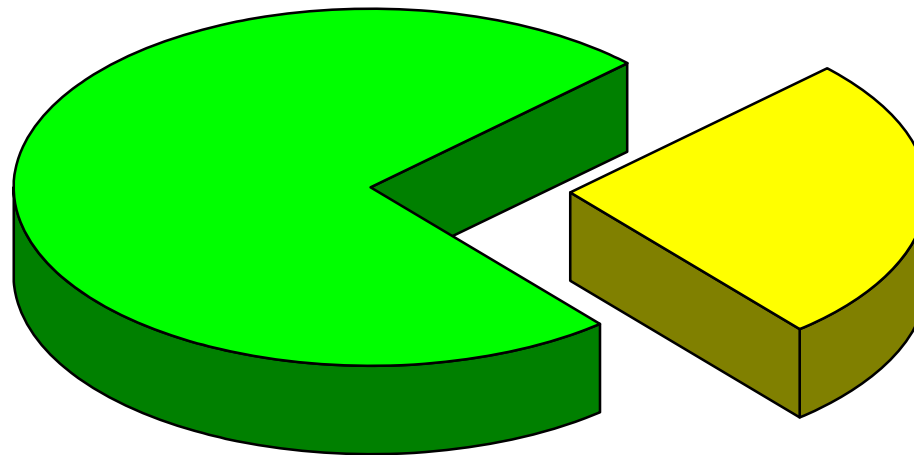
<p align="center"><b>FY 08 APPROVED PARKS &amp; RECREATION SPECIAL REVENUE REVENUE BREAKDOWN</b></p>
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<b>SERVICE CHARGES</b>	<b>74%</b>	<b>700,000</b>	<b>OTHER:</b>	<b>26%</b>	<b>246,457</b>
			Investment Income	14,650	
			County Grant	231,807	

<p><b>TOTAL PARKS &amp; RECREATION SPECIAL REVENUE - REVENUES</b></p>	<b>946,457</b>
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**PARKS & RECREATION  
SPECIAL REVENUES  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$946,457**

Service Charges 74% \$700,000



Other 26% \$246,457

<p><b>FY 08 APPROVED PARKS &amp; RECREATION SPECIAL REVENUE APPROPRIATIONS BREAKDOWN</b></p>
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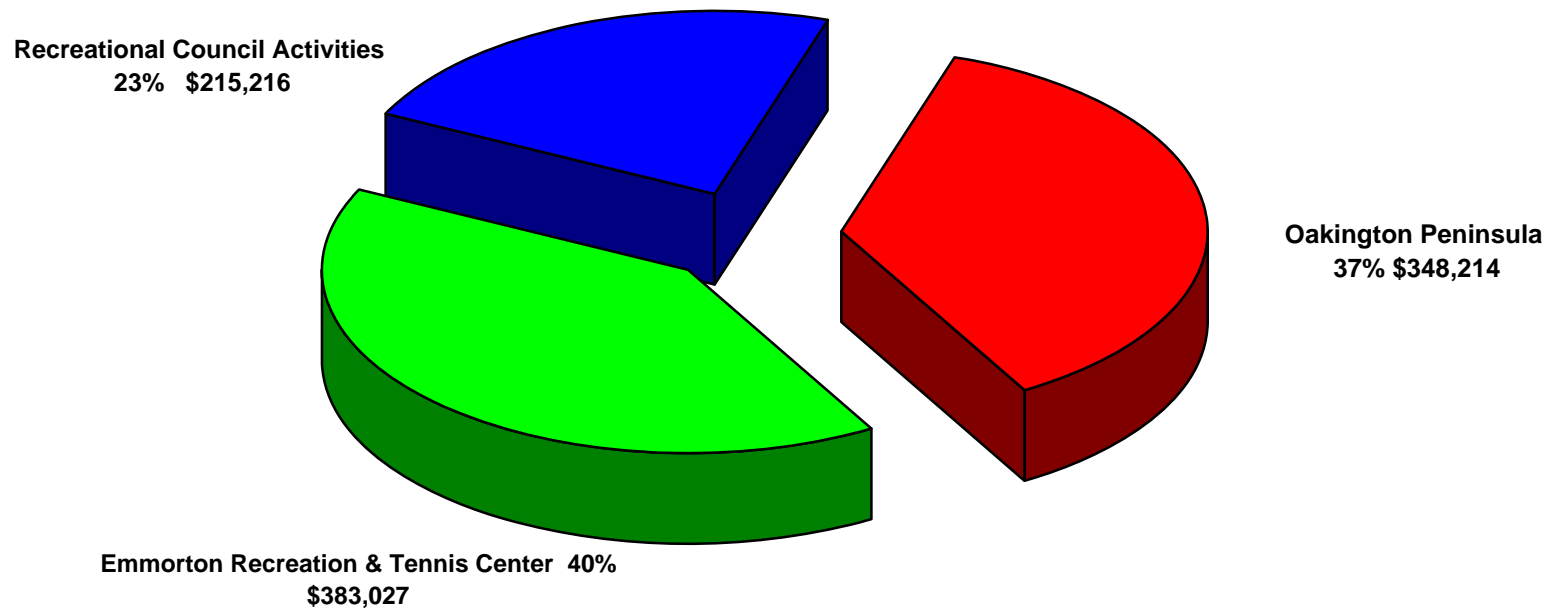
<p><b>EMMORTON RECREATION AND TENNIS CENTER</b></p>	<p><b>40%</b></p>	<p><b>383,027</b></p>
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<p><b>OAKINGTON PENNINSULA</b></p>	<p><b>37%</b></p>	<p><b>348,214</b></p>
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<p><b>RECREATIONAL COUNCIL ACTIVITIES</b></p>	<p><b>23%</b></p>	<p><b>215,216</b></p>
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<p><b>TOTAL PARKS &amp; RECREATION SPECIAL REVENUE APPROPRIATIONS</b></p>	<p><b>946,457</b></p>
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**PARKS & RECREATION  
SPECIAL REVENUE  
APPROPRIATIONS  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$946,457**



## PARKS & RECREATION SPECIAL REVENUE FUND

### ORIGIN/PURPOSE:

Prior to FY 02, revenues and expenses related to the self-supporting activities of the Emmorton Recreation and Tennis Center, Recreation Councils and / or the Oakington Peninsula were accounted for as a Trust Fund. This changed when the Governmental Accounting Standards Board (GASB), the standard setting authority for governmental accounting, introduced a financial reporting model through GASB Statement No. 34, which requires Trust Funds be used only for private purposes, pensions and investments.

These Parks and Recreation activities no longer qualified as a "trust" under GASB Statement No. 34, nor did they meet the standards of the Operating General Fund, since their revenues and expenses are dedicated solely to supporting their own programs. Therefore, a Special Revenue Fund was established by Council Bill No. 00-64, effective March 20, 2001. The fund covers the activities of:

- o Emmorton Recreation & Tennis Center:

This facility was purchased by Harford County using State Open Space funding in November 1999 for the purpose of addressing the unmet recreation and leisure needs of the Emmorton / Abingdon area. Two of the indoor tennis courts were retained and two others were converted into multipurpose gymnasiums. The outdoor courts were converted for new parking and a steel-fabric covering for two additional indoor courts increasing tennis court rentals and revenue production.

- o Oakington Peninsula:

The Oakington Peninsula is comprised of two separate farms, Swan Harbor Farm and Oakington Farm (Eleanor and Millard Tydings Park). Swan Harbor was purchased in conjunction with the Maryland Department of Natural Resources and Program Open Space in 1994. It operates as a self-sustaining facility generating revenue from rentals, farming, leases and fundraising. The Oakington Peninsula will also generate revenues from leasing of farmland, two houses, and the facility as well as providing a park for passive and recreational activities.

- o Recreational Council Activities:

This account is set up to receive revenues from recreational activities, registration, and events. The funds will be expended for recreational supplies, tournament trophies, officials and referees, etc.

## **PARKS & RECREATION SPECIAL REVENUE FUND**

### **ORIGIN/PURPOSE:**

The fund encompasses receipts from:

#### Charges for Service

- o Emmorton Recreation & Tennis Center fees, rentals and contributions.
- o Skateboard Facility at the McFaul Senior / Youth Center fees.
- o Showmobile / Stage Rental - a mobile stage is rented to recreation councils for both non-profit and for-profit organizations.
- o Recreation Councils / Special Activities - such as the sale of amusement park discount tickets, basketball tournaments, lacrosse and wrestling summer camps, etc.
- o Rental and / or contributions to Oakington Peninsula - for the tenant houses, farms or facilities at Swan Harbor and / or Oakington Farms.

#### Fund Balance Appropriated

At the end of some fiscal years, this fund will have a revenue surplus, due to either spending less than budgeted or generating more money than anticipated. This surplus will be appropriated to the next fiscal year.

## PARKS & RECREATION SPECIAL REVENUE FUND

### FUND SUMMARY:

		AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
<b><u>SUMMARY BY CHARACTER:</u></b>						
10	PERSONAL SERVICES	269,778	337,065	407,143	448,642	448,642
20	CONTRACTUAL SERVICES	196,468	249,045	310,175	346,745	346,745
30	SUPPLIES & MATERIALS	64,419	78,417	106,685	110,235	110,235
40	BUSINESS & TRAVEL	2,703	4,163	4,975	8,685	8,685
50	CAPITAL OUTLAY	42,369	6,603	24,225	32,150	32,150
60	DEBT SERVICE	95,543	0	0	0	0
70	MISCELLANEOUS	100,000	0	0	0	0
	<b>GRAND TOTAL</b>	<b>771,280</b>	<b>675,293</b>	<b>853,203</b>	<b>946,457</b>	<b>946,457</b>
<b><u>SUMMARY BY DEPARTMENT:</u></b>						
59	PARKS AND RECREATION	575,737	675,293	853,203	946,457	946,457
66	DEBT SERVICE	95,543	0	0	0	0
70	MISCELLANEOUS	100,000	0	0	0	0
	<b>GRAND TOTAL</b>	<b>771,280</b>	<b>675,293</b>	<b>853,203</b>	<b>946,457</b>	<b>946,457</b>
<b><u>SUMMARY BY REVENUE SOURCE:</u></b>						
	MISCELLANEOUS	95,704	39	110,603	231,807	231,807
	INVESTMENT INCOME	6,269	12,206	8,000	14,650	14,650
	SERVICE CHARGES	583,353	666,008	734,600	700,000	700,000
	<b>GRAND TOTAL</b>	<b>685,326</b>	<b>678,253</b>	<b>853,203</b>	<b>946,457</b>	<b>946,457</b>



## PARKS & RECREATION SPECIAL REVENUE FUND

### FINANCIAL NOTES:

FY 08 Approved Budget	\$946,457
FY 07 Approved Budget	\$853,203
\$ growth	\$93,254
% growth	10.93%

The \$93,254 increase in projected growth in Parks and Recreation Special Revenue Fund revenues is the result of:

	FY 07	FY 08	CHANGE																													
o	734,600	700,000	(34,600)	<u>Service Charges</u> - account for receipts from various facilities and equipment, for example, the skateboard park, the Showmobile, stages, the Emmorton Recreation and Tennis Center, etc.																												
FY 08 projected revenues are based on actual receipt history.																																
				<table><tr><td></td><td>FY 07</td><td>FY 08</td><td>Change</td></tr><tr><td>Skateboard Facility</td><td>14,600</td><td>0</td><td>(14,600)</td></tr><tr><td>Emmorton Recreation &amp; Tennis Center</td><td>300,000</td><td>290,000</td><td>(10,000)</td></tr><tr><td>Oakington Peninsula</td><td>290,000</td><td>275,000</td><td>(15,000)</td></tr><tr><td>Showmobile / Stage Rentals</td><td>10,000</td><td>10,000</td><td>0</td></tr><tr><td>Recreation Councils / Special Activities</td><td>120,000</td><td>125,000</td><td>5,000</td></tr><tr><td></td><td><u>734,600</u></td><td><u>700,000</u></td><td><u>(34,600)</u></td></tr></table>		FY 07	FY 08	Change	Skateboard Facility	14,600	0	(14,600)	Emmorton Recreation & Tennis Center	300,000	290,000	(10,000)	Oakington Peninsula	290,000	275,000	(15,000)	Showmobile / Stage Rentals	10,000	10,000	0	Recreation Councils / Special Activities	120,000	125,000	5,000		<u>734,600</u>	<u>700,000</u>	<u>(34,600)</u>
	FY 07	FY 08	Change																													
Skateboard Facility	14,600	0	(14,600)																													
Emmorton Recreation & Tennis Center	300,000	290,000	(10,000)																													
Oakington Peninsula	290,000	275,000	(15,000)																													
Showmobile / Stage Rentals	10,000	10,000	0																													
Recreation Councils / Special Activities	120,000	125,000	5,000																													
	<u>734,600</u>	<u>700,000</u>	<u>(34,600)</u>																													
o	110,503	231,807	121,304	<u>Miscellaneous Revenues</u> - consists of a County Grant of \$231,807 - which is the amount funded by the General Fund to supplement the funds needed in the Parks & Recreation Special Revenue Fund to meet FY 08 operational expenses																												
o	8,000	14,650	6,650	<u>Investment Income</u> - is projected as an increase for FY 08 based on recent trends.																												

## PARKS & RECREATION SPECIAL REVENUE FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE
The	\$93,254	net increase in the Parks and Recreation Special Revenue Fund appropriations is the result of:	
	FY 07	FY 08	CHANGE
o		14,407	14,407 the FY 08 wage package of a Step + a 3% COLA for eligible staff
o	171,264	179,016	7,752 Temporary Salaries - increase is mainly to provide funding for a Bookkeeper / Front Desk scheduler for Emmorton Recreation & Tennis Center
o	46,581	50,174	3,593 an anticipated 12% increase in Health Benefits costs plus staff opting for changes in level of coverage
o	3,913	5,425	1,512 Worker's compensation rate adjustments
o	24,121	25,384	1,263 FICA adjustments
o		4,274	4,274 OPEB (Other Post Employment Benefits) - funds provide for the initial appropriation to the Harford County Other Post-Employment Benefit Plan to comply with GASB Statement No. 45
o	20,150	28,900	8,750 Overtime increased based on actual expense history
o	15,600	28,000	12,400 Other Professional Services for chimney cleaning, pest control, tent curtain repairs, rope course inspections, camp transportation, etc. increased based on actual expense history
o	17,500	18,500	1,000 Landscape & Grounds - additional funds provided for a green house to be added in FY 08

## PARKS & RECREATION SPECIAL REVENUE FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	266,575	277,900	11,325	A number of line items were adjusted based on actual expense history
				FY 07                      FY 08                      Change
				Electricity                      44,500                      48,400                      3,900
				Heating Fuel (Gas)                      48,000                      46,600                      (1,400)
				Recreation Officials                      20,000                      18,000                      (2,000)
				Co Facility Repair & Renovations                      54,700                      72,300                      17,600
				Building / Custodial Services                      52,700                      56,200                      3,500
				Janitorial Supplies                      4,000                      2,500                      (1,500)
				Recreation Supplies                      42,675                      33,900                      (8,775)
				<u>266,575</u> <u>277,900</u> <u>11,325</u>
o	28,000	42,700	14,700	Other Professional Services - additional funds provided for a match to Harford County Public Schools to replace high ropes at Harford Glen @ \$7,500 and upgrade of electronics for batting cages and expansion of interior monitoring system at Emmorton @ \$16,200; offset by a reduction for Recreation Councils based on actual expense @ (\$1,500)
o	21,000	28,000	7,000	Building Supplies - additional funds provide for the purchase of supplies for improvements primarily at Emmorton Rec Center @ \$5,000 and supplies for the new green house to be added @ \$2,000
o	5,625	10,125	4,500	Other Food supplies increase based on actual expense history for the concession stand previously run by Grand Slam
o	0	2,200	2,200	Transportation and Lodging - funds are provided to cover the cost of the representative hired to upgrade the batting cages at Emmorton

## PARKS & RECREATION SPECIAL REVENUE FUND

### FINANCIAL NOTES:

	FY 07	FY 08	CHANGE	
o	24,225	32,150	7,925	Equipment funding is approved for:
				<u>Emmorton Recreation &amp; Tennis Center</u>
			500	Vacuum Cleaner replacement
			7,500	Floor Scrubber new walk behind floor scrubber for Emmorton
			1,500	Chairs 25 chairs for dance lounge and party room
				<u>Oakington Peninsula</u>
			500	Vacuum Cleaner replacement
			2,500	Chairs 50 white resin wedding chairs
			8,500	Side curtains for two Tents replace 6 white cathedral-style side curtains for tents
				<u>Recreation Councils</u>
			8,000	Pre-Fab Buildings storage for the Recreation Councils
			500	Chairs for Recreation Councils
			800	Tables for Recreation Councils
			1,850	Workstations for Recreation Councils

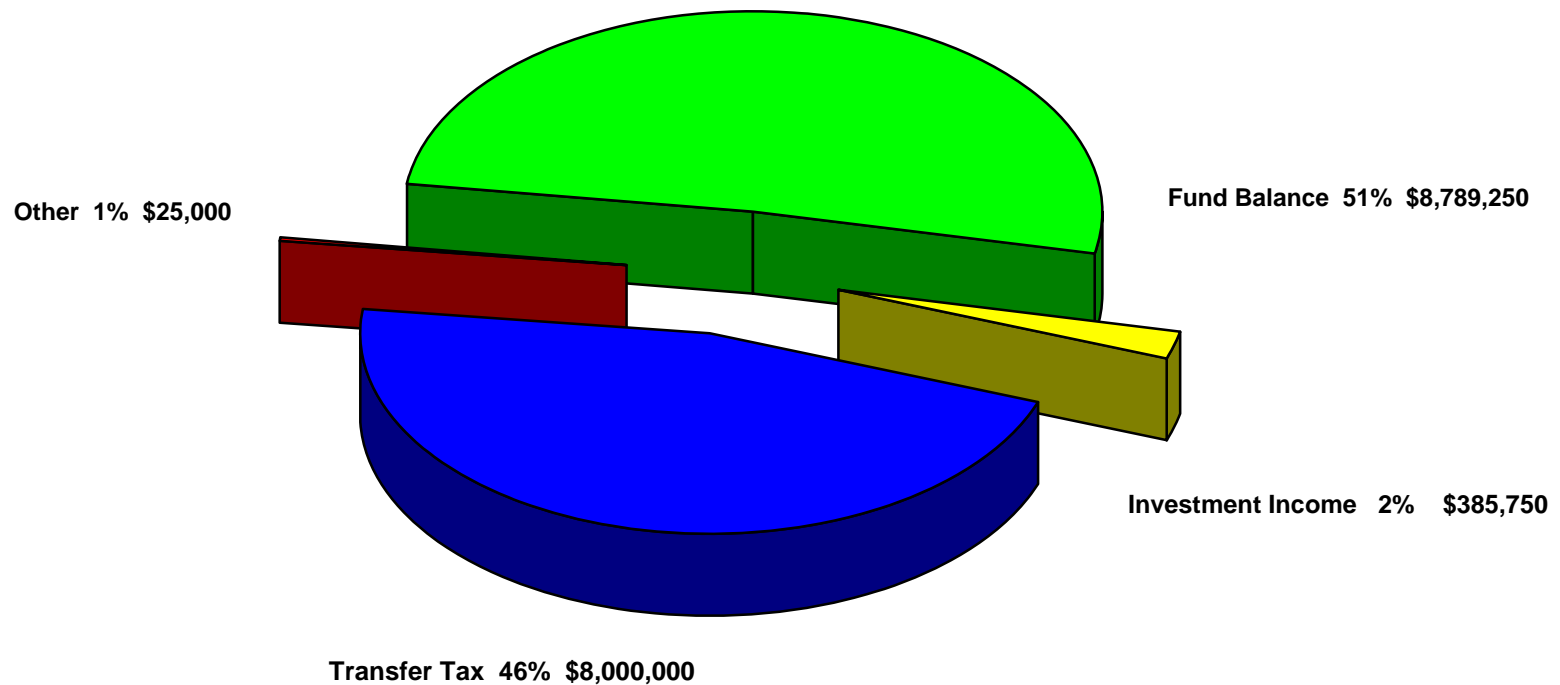
# **COUNTY - AG PRESERVATION**

<p><b>FY 08 APPROVED COUNTY - AG PRESERVATION REVENUE BREAKDOWN</b></p>
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TRANSFER TAX	46%	8,000,000	OTHER: Proceeds from Installment Loan	1%	25,000
FUND BALANCE	51%	8,789,250	INVESTMENT INCOME	2%	385,750

<p><b>TOTAL COUNTY - AG PRESERVATION REVENUES</b></p>	<p><b>17,200,000</b></p>
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**COUNTY - AG PRESERVATION  
REVENUES  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$17,200,000**



<p><b>FY 08 APPROVED COUNTY - AG PRESERVATION APPROPRIATIONS BREAKDOWN</b></p>
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**AG PRESERVATION -  
COUNTY**

**76%**

**13,000,000**

**DEBT SERVICE**

**24%**

**4,200,000**

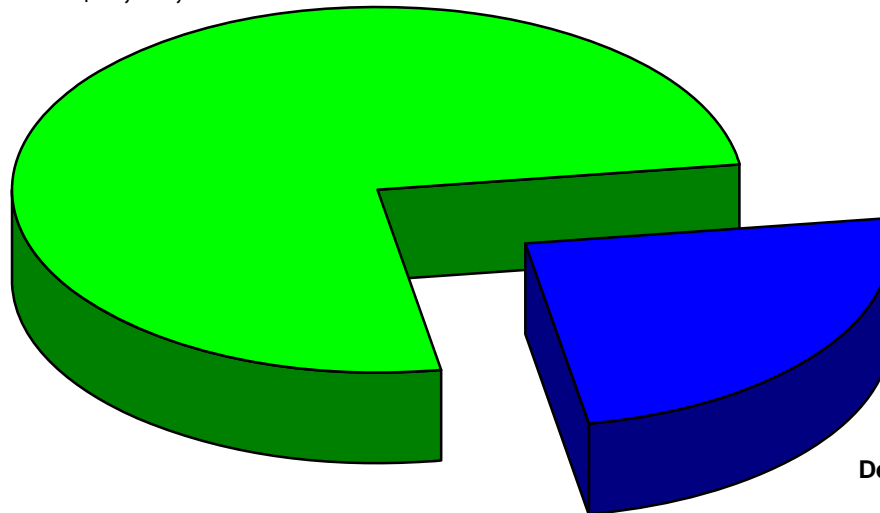
<p><b>TOTAL COUNTY - AG PRESERVATION APPROPRIATIONS</b></p>
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<p><b>17,200,000</b></p>
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**COUNTY - AG PRESERVATION  
APPROPRIATIONS  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$17,200,000**

Ag Preservation - County 76% \$13,000,000



Debt Service 24% \$4,200,000

## AGRICULTURAL PRESERVATION - COUNTY

### ORIGIN/PURPOSE:

The Maryland General Assembly enacted House Bill No. 1481, effective July 1, 1992, authorizing the Harford County Council to impose a Transfer Tax. Subsequently the County Council enacted Bill No. 93-3 to add new Article IV, Transfer Tax, to Chapter 123, Finance and Taxation, of the Harford County Code which imposes a 1% Transfer Tax on any instruments of writing that convey title to, or a leasehold interest in, real property, effective July 1, 1993. The proceeds are to be distributed:

50% to the County's Agricultural Land Preservation Program

50% to fund school site acquisition, school construction, or school debt service.

With the approval of a majority of voters, an amendment to Section 524, Indebtedness, of Article V, Budget and Finance, of the Harford County Charter, effective December 3, 1992, was enacted, allowing the County to enter into installment contracts to purchase easements for agricultural land preservation purposes. These purchases are to be primarily funded with a Transfer Tax.

In addition, the County Council, via Bill No. 93-2, enacted that new Article II, Agricultural Land Preservation Program, be added to Chapter 60, Agriculture, of the Harford County Code, effective April 6, 1993, establishing the Harford County Agricultural Land Preservation Program (HALPP) to preserve productive agricultural land and woodland which provides for the continued production of food and fiber for the citizens of the County. The program is administered by the Department of Planning and Zoning and the Harford County Agricultural Advisory Board.

Recent changes to the program has further demonstrated the County's commitment whereby the base value and cap associated with the per acre price has been increased from \$10,000 to \$15,000, and a price per Development Right of \$135,000 is being offered.

The Harford County Agricultural Land Preservation Program allows land owners to preserve productive farmland for future generations through the use of conservation easements; in addition the land owner receives payment for selling their development rights and/or a tax credit.

About 25% of the easement purchases are paid for by the County in cash; while 75% are handled through an Installment Purchase Agreement (IPA) between the County and the seller. The agreement includes the total amount of money that the County has agreed to pay, and sets the terms of that agreement, including the fixed interest rate on which the landowner will receive annual payments. These IPAs range in length from 10 to 20 years with interest and a small portion of the principal being paid annually. At the end of the term of the IPA, the landowner will receive a lump sum payment constituting the remainder of the principal. This final principal payment is made with the proceeds of a stripped-coupon U.S. Treasury obligation purchased at settlement and held by the County until maturity.

By July 2007 the County will have purchased an estimated 41,000 acres of farm land through County and State Agricultural Preservation programs.

## AGRICULTURAL PRESERVATION - COUNTY

### FUND SUMMARY:

		AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
<b><u>SUMMARY BY CHARACTER:</u></b>						
10	PERSONAL SERVICES	0	0	0	0	132,432
20	CONTRACTUAL SERVICES	44,333	40,158	45,000	45,000	45,000
30	SUPPLIES & MATERIALS	79	10	250	250	250
50	CAPITAL OUTLAY	4,503,004	2,749,457	6,280,420	12,500,000	12,367,568
60	DEBT SERVICE	3,175,836	3,483,187	4,124,330	4,154,750	4,154,750
70	MISCELLANEOUS	0	(323,592)	300,000	500,000	500,000
	<b>GRAND TOTAL</b>	<b><u>7,723,252</u></b>	<b><u>5,949,220</u></b>	<b><u>10,750,000</u></b>	<b><u>17,200,000</u></b>	<b><u>17,200,000</u></b>

### **SUMMARY BY DEPARTMENT:**

06	PLANNING & ZONING	4,503,004	2,425,865	6,580,420	13,000,000	13,000,000
66	DEBT SERVICE	3,220,248	3,523,355	4,169,580	4,200,000	4,200,000
	<b>GRAND TOTAL</b>	<b><u>7,723,252</u></b>	<b><u>5,949,220</u></b>	<b><u>10,750,000</u></b>	<b><u>17,200,000</u></b>	<b><u>17,200,000</u></b>

### **SUMMARY BY REVENUE SOURCE:**

TRANSFER TAX	9,801,007	11,305,114	7,500,000	8,000,000	8,000,000
FUND BALANCE APPROPRIATION	0	0	1,320,282	8,789,250	8,789,250
INVESTMENT INCOME	3,378,294	(611,102)	929,718	385,750	385,750
MISCELLANEOUS REVENUES	957,032	1,577,629	1,000,000	25,000	25,000
<b>GRAND TOTAL</b>	<b><u>14,136,333</u></b>	<b><u>12,271,641</u></b>	<b><u>10,750,000</u></b>	<b><u>17,200,000</u></b>	<b><u>17,200,000</u></b>

## AGRICULTURAL PRESERVATION - COUNTY

### FINANCIAL NOTES:

FY 08 Approved Budget	\$17,200,000
FY 07 Approved Budget	\$10,750,000
\$ growth	\$6,450,000
% growth	60.00%

The \$6,450,000 net increase in Agricultural Preservation - County Fund revenues is projected to result from:

	FY 07	FY 08	CHANGE	
o	7,500,000	8,000,000	500,000	<u>Transfer Tax</u> - interest rates have started to increase which has slowed home purchases in the County. Over the last year and a half the value of real estate has also risen remarkably. These factors have resulted in a slight adjustment in Transfer Tax revenues for FY 08.
o	1,320,282	8,789,250	7,468,968	<u>Fund Balance Appropriated</u> - any excess unappropriated fund balance realized at the end of a fiscal year may be appropriated into the next fiscal year's budget and treated as one-time funding for that fiscal year.
o	929,718	385,750	(543,968)	<u>Investment Income</u> - interest income on investments purchased for the agricultural preservation is projected to be lower in FY 08.
o	1,000,000	25,000	(975,000)	<u>Miscellaneous Revenues</u> - for FY 08 this was made up of Proceeds from Installment Loans and Proceeds <p>"Proceeds from Installment Loans" are not cash but an accounting requirement. When the County enters into an Installment Purchase Agreement (IPA) with a land owner, the terms of the contract are set for the total price, the length of the agreement, and the fixed interest rate at which annual payments will be made. An IPA can range up to 30 years in length, most are either a 10 or 20 year term. During the term of the agreement interest and a small portion of the principal are paid each year. At the end of the term the land owner receives a balloon payment for the remaining portion of the principal.</p> <p>For accounting purposes, the County books the value of the IPA that are anticipated to be initiated during the fiscal year. Due to the lower interest rate environment currently, it has become more likely that the transactions will be at cash value instead of an installment purchase therefore the amount has been reduced for FY 08.</p>

## AGRICULTURAL PRESERVATION - COUNTY

### FINANCIAL NOTES:

The \$6,450,000 net increase in funding for the Agricultural Preservation - County Fund is the result of:

	FY 07	FY 08	CHANGE	
o	0	132,432	132,432	Full-time salaries - funds appropriated in FY 08 to support salary and benefits of Ag Specialist / Planner position from Transfer Tax revenue
o	6,280,420	12,367,568	6,087,148	Agricultural Preservation purchases
o	300,000	500,000	200,000	An allocation used as a match to easement purchases made by the State through the Maryland Agricultural Land Preservation Foundation. These funds are only tapped when matching funds under the County's State Agricultural Preservation Program have been exhausted for the year.
o	1,300,000	1,330,420	30,420	Principal Payments
o	2,700,000	2,700,000	0	Interest Payments
o	169,580	169,580	0	Service Costs
				FY 07                      FY 08                      Change
				Legal Services                      45,000                      45,000                      0
				Delivery Charges                      250                      250                      0
				Cost of Issuance                      124,330                      124,330                      0
				Totals <u>169,580</u> <u>169,58</u> <u>0</u>



***The Black Eyed Susan, the official Maryland State flower***

# **STATE - AG PRESERVATION**

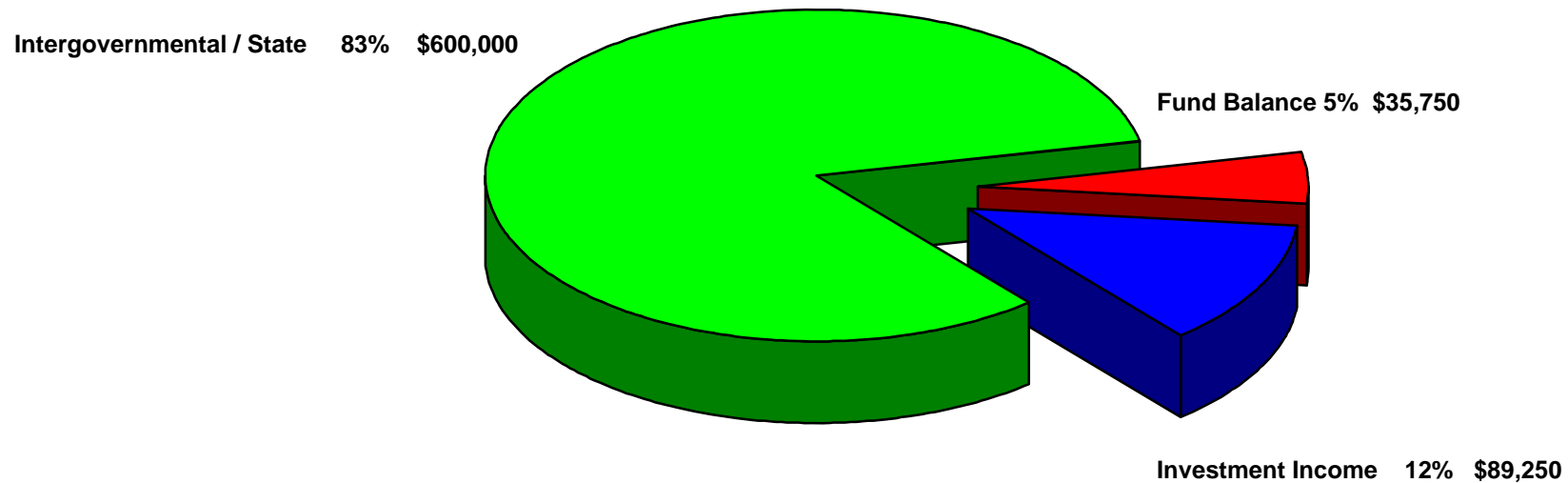
<p><b>FY 08 APPROVED STATE - AG PRESERVATION REVENUE BREAKDOWN</b></p>
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<b>INTERGOVERNMENTAL / STATE</b>	<b>83%</b>	<b>600,000</b>	<b>INVESTMENT INCOME</b>	<b>12%</b>	<b>89,250</b>
<b>FUND BALANCE APPROPRIATED</b>	<b>5%</b>	<b>35,750</b>			

<p><b>TOTAL STATE - AG PRESERVATION REVENUES</b></p>	<b>725,000</b>
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**STATE - AG PRESERVATION  
REVENUES**  
**Fiscal Year 2007 - 2008**  
**TOTAL APPROVED BUDGET \$725,000**



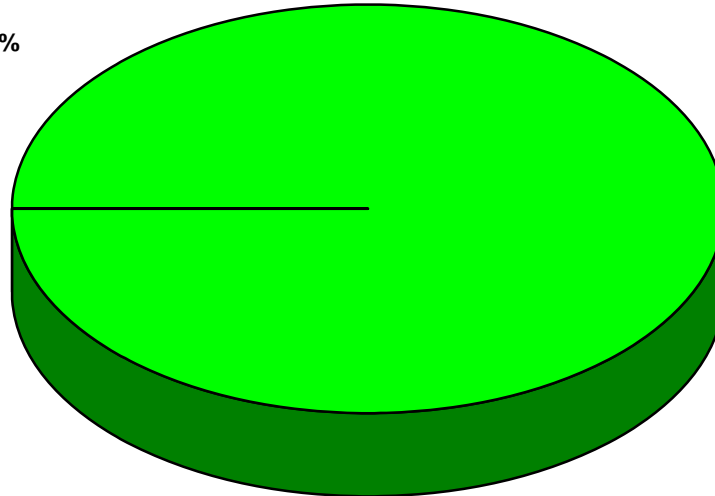
<b>FY 08 APPROVED STATE - AG PRESERVATION APPROPRIATION BREAKDOWN</b>
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<b>AG PRESERVATION - STATE</b>	<b>100%</b>	<b>725,000</b>
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<b>TOTAL STATE - AG PRESERVATION APPROPRIATIONS</b>	<b>725,000</b>
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**STATE - AG PRESERVATION  
APPROPRIATIONS  
Fiscal Year 2007 - 2008  
TOTAL APPROVED BUDGET \$725,000**

Ag Preservation - State 100%  
\$725,000



## AGRICULTURAL PRESERVATION - STATE

### ORIGIN/PURPOSE:

The Maryland Agricultural Preservation Foundation (MALPF) was created in 1977 by the Maryland General Assembly to preserve productive agricultural land and woodland, via the Purchase of Development Rights (PDR), to provide for the continued production of food and fiber for all citizens of the State. Farmland was also intended to help curb the random expansion of urban development.

MALPF, along with the Maryland Department of Planning, co-administers the Certification of Local Agricultural Land Preservation Programs. MALPF is mainly funded with:

- o a portion of the State's Property Transfer Tax, which is assessed on all real property transfers
- o local subdivision matching funds for easement purchases
- o a State Agricultural Land Transfer Tax, which is imposed on all transfers of title in agricultural land taken out of production. Local subdivisions are required to collect the revenue generated by this tax; these funds are then shared with the local as follows:
  - ◇ Maryland counties, without Certified Agricultural Land Preservation Programs are required to remit two-thirds of the revenue to MALPF. They retain one-third for agricultural land preservation purposes.
  - ◇ Counties that have a Certified Local Agricultural Land Preservation Program may retain 75% of the Agricultural Transfer Tax collected, for preservation purposes, and are required to remit only 25% to the Foundation.

By July 2007, the County will have purchased an estimated 41,000 acres of farm land through County and State Agricultural Preservation programs.

## AGRICULTURAL PRESERVATION - STATE

### FUND SUMMARY:

		AUDITED FY 05	AUDITED FY 06	ORIGINAL BUDGET FY 07	EXECUTIVE PROPOSED FY 08	ENACTED FY 08
	<b><u>SUMMARY BY CHARACTER:</u></b>					
10	PERSONAL SERVICES	0	30,000	30,000	30,000	30,000
20	CONTRACTUAL SERVICES	0	0	0	4,000	4,000
30	SUPPLIES AND MATERIALS	0	0	0	14,500	14,500
40	BUSINESS AND TRAVEL	0	0	0	1,500	1,500
70	MISCELLANEOUS	0	323,592	695,000	675,000	675,000
	<b>GRAND TOTAL</b>	<b>0</b>	<b>353,592</b>	<b>725,000</b>	<b>725,000</b>	<b>725,000</b>
	<b><u>SUMMARY BY DEPARTMENT:</u></b>					
06	PLANNING & ZONING	0	353,592	725,000	725,000	725,000
	<b>GRAND TOTAL</b>	<b>0</b>	<b>353,592</b>	<b>725,000</b>	<b>725,000</b>	<b>725,000</b>
	<b><u>SUMMARY BY REVENUE SOURCE:</u></b>					
	TRANSFER TAX - STATE	502,963	760,224	700,000	600,000	600,000
	INVESTMENT INCOME	27,288	81,143	25,000	89,250	89,250
	FUND BALANCE APPROPRIATED	0	0	0	35,750	35,750
	<b>GRAND TOTAL</b>	<b>530,251</b>	<b>841,367</b>	<b>725,000</b>	<b>725,000</b>	<b>725,000</b>

## AGRICULTURAL PRESERVATION - STATE

### FINANCIAL NOTES:

The \$0 net change in Agricultural Preservation - State Fund revenues are projected as follows:

	FY 07	FY 08	CHANGE	
o	64,264	89,250	24,986	<u>Investment Income</u> - FY 07 receipts indicate that we will realize more Investment Income than anticipated.
o	660,736	600,000	(60,736)	<u>Transfer Tax State</u> - Harford County's Agricultural Land Preservation Program is Certified. For FY 08 it is projected to decrease due to slowing of real estate transactions.
o	0	35,750	35,750	<u>Fund Balance Appropriated</u> - any excess unappropriated fund balance realized at the end of a fiscal year may be appropriated into the next fiscal year's budget and treated as one-time funding for that fiscal year.

The \$0 net change in funding for the Agricultural Preservation - State Fund are appropriated as follows:

	FY 07	FY 08	CHANGE	
o	30,000	30,000	0	This revenue is used by the County to offset the salary and benefits of a Planner III, who serves as Harford County's Program Administrator.
o		20,000	20,000	Funds were allocated to the following line items to properly account for the cost of the Ag program:
			1,500	Space and Real Estate Rental
			2,500	Other Professional Services
			1,500	Printing-In House
			10,500	Printing - Commercial
			1,000	Other Food Supplies
			1,500	Other Supplies & Materials
			500	Mileage
			1,000	Training Seminars, Courses & Meetings
			<u>20,000</u>	
o	695,000	675,000	(20,000)	Harford County's match to MALPF for easement purchases the Foundation will make on the County's behalf, demonstrating this Administration's commitment to preserving Harford County's farmland.